

DAILY REPORT

China

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BEIJING VIEWS DRAFT CONVENTION ON LAW OF SEA

OW080207 Beijing Domestic Service in Mandarin 1100 GMT 6 May 82

["International Current Events" program commentary: "First Step in Establishing a New Order of the Sea"]

[Excerpts] On 30 April, the 11th Session of the 3d UN Conference on the Law of the Sea adopted by an overwhelming majority vote the draft convention on the law of the sea, thus taking an important step toward establishing a new law and order of the sea. The convention's coming into being is the result of the protracted struggle of Third World countries for equal rights to the sea and against the superpowers' domination of the oceans.

In the course of the formulation of the convention on the law of the sea, the two superpowers, the Soviet Union and the United States, placed obstacles and employed tricks on a series of important issues of principle, attempting to force their maritime hegemonist trash on others. For example, the Soviet Union and the United States tried their utmost to limit and reduce the width of territorial waters, opposed the establishment of 200-nautical-mile exclusive economic zones, advocated free passage through straits, attempted to exploit and monopolize international seabed resources at will with their money and advanced technology, and so forth. So the struggle was very complicated from the beginning of the conference.

The 11th Session of the 3d UN Conference on the Law of the Sea was convened on 8 March this year. The United States put forward a green paper at the meeting, proposing 230 amendments to the draft convention, including many changes that involved matters of principle. This disgusting U.S. attitude in violation of the spirit of the conference naturally met with opposition by Third World countries and also incurred dissatisfaction and criticism from other participating countries at the conference. The United States voted against the draft convention. It still clung to the six amendments it proposed with regard to provisions in the convention concerning exploitation of deep seabed resources. It indicated that unless the amendments are accepted, the United States would not ratify the convention. The six amendments insisted upon by the United States in fact deny the principle that the seabed under international waters is the hereditary property of all mankind and are aimed at enabling the United States to exploit deep seabed resources without restriction. The Reagan administration also threatened that if the U.S. amendments were rejected, the United States was prepared to sign a small treaty to oppose the draft convention outside of the conference with seven industrial countries including Britain, France, West Germany, Italy and so forth.

These facts show that to establish a new law and order of the sea to safeguard equal rights for all countries, many obstacles remain to be overcome and it is necessary to continue the struggle. However, in the source of events from the drawing up to the final adoption of the draft convention on the law of the sea, it can be seen that no country will ever succeed in attempting to ignore the Third World's legitimate interests and seek maritime hegemony. Only by adopting a lawful and cooperative approach and by consultations and negotiations will it be possible to resolve disputes.

ENVOY HE YING LEAVES ON ASIAN, AFRICAN TOUR

OW060716 Beijing XINHUA in English 0706 GMT 6 May 82

[Text] Beijing, May 6 (XINHUA) -- He Ying, special envoy of the Government of the People's Republic of China left here by plane this morning to pay friendly visits to Turkey, Syria, Libya, Cyprus and Egypt at the invitation of the respective governments.

CONCLUDING REPORTAGE ON VISIT OF GEORGE BUSH

Zhao Ziyang Hosts Banquet

OW071510 Beijing XINHUA in English 1500 GMT 7 May 82

[Text] Beijing, May 7 (XINHUA) -- Chinese Premier Zhao Ziyang gave a banquet at the Great Hall of the People here this evening in honor of George Bush, vice president of the United States of America, Mrs. Bush and their party. Wan Li, Chinese vice-premier, and Huang Hua, state councillor and foreign minister, attended the banquet.

In his toast, Zhao Ziyang said: "Since the issuance of the Shanghai joint communique, Sino-U.S. relations have made a major breakthrough with the normalization of the relations between the two countries. In the past decade, progress has been achieved in many areas of our bilateral relations. The facts show that this is not only in the interests of the Chinese and American peoples but also conducive to peace and stability in the world. Therefore, it has been warmly welcomed by the people of our two countries and world opinion. The Chinese people attach importance to their relations with the United States and desire to see Sino-U.S. relations continue to move forward. We believe that this desire is shared by the American people." He added: "We both recognize that there exist serious obstacles in the present Sino-U.S. relations. At this critical juncture, Vice-President Bush, as entrusted by President Reagan, has come to discuss with us issues of mutual concern. This is no doubt an important visit. We are ready to have a frank and sincere [The transliteration for "sincere" as taken from the Beijing XINHUA Domestic Service in Chinese version at 1524 GMT on 7 May is: cheng zhi de 6134 2304 0966] exchange of views with the vice president and discuss ways to remove the obstacles in compliance with the principles as confirmed in the communique on the establishment of diplomatic relations between the two countries." China sincerely hopes that Vice-President Bush's visit will yield positive results, Zhao Ziyang said.

In his toast, Vice-President Bush said: "President Reagan asked me to come to China because of the vital importance he places on U.S.-China relations and because of his strong personal commitment to building an enduring relationship -- one based on equality and mutual trust and understanding." The vice-president said the United States acknowledges China's position that there is but one China and that Taiwan is a part of China. "We stand by the principles agreed upon by our government [The Beijing XINHUA Domestic Chinese version reads: "We stand by the principles established by our government..."] in the joint communique on the establishment of diplomatic relations. We respect China's sovereignty and territorial integrity," he said. "We recognize that there are issues of difference to be discussed, and important ideas to be exchanged. My visit is a symbol of the good faith with which we seek to bridge differences," he said.

Also present at the banquet were Zhou Peiyuan, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference; Zhu Muzhi, minister of culture; and Huang Zhen and Hao Deqing, leading members of departments concerned. Arthur W. Hummel, Jr., U.S. ambassador to China, was among the guests.

Talks With Deng Xiaoping

OW080828 Beijing XINHUA in English 0820 GMT 8 May 82

[Text] Beijing, May 8 (XINHUA) -- Deng Xiaoping, vice-chairman of the Chinese Communist Party Central Committee, met this morning with George Bush, vice-president of the United States. [Beijing Domestic Service in Mandarin at 0402 GMT on 8 May, in its report on Deng Xiaoping's talks with Bush, says that Deng Xiaoping "met with U.S. Vice President George Bush and his entourage this morning at the Great Hall of the People."]

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The vice-chairman told Bush: "You know China well. We sincerely welcome you as an old friend of China." The vice-chairman said: "Through your visit, we hope we will be able to dispel the shadows and dark clouds overhanging our relations."

Vice-President Bush said he considers the U.S.-China relationship very important, and that President Reagan feels very strongly about that. "I'd like to hope we will be able to leave here with a lot more understanding about this fundamental nature of the relationship," he said.

Present at the meeting were Chinese State Councillor and Foreign Minister Huang Hua and Vice-Ministers of Foreign Affairs Zhang Wenjin and Han Xu. Arthur W. Hummel, Jr., U.S. ambassador to China; Daniel J. Murphy, chief of staff to the vice-president; and Ambassador John H. Holdridge, assistant secretary of state for East Asian and Pacific affairs; were also present.

ZHONGGUO XINWEN SHE Report

HK090055 Beijing ZHONGGUO XINWEN SHE in Chinese 1530 GMT 8 May 82

[Text] Beijing, 8 May (ZHONGGUO XINWEN SHE) -- CCP Central Committee Vice Chairman Deng Xiaoping met U.S. Vice President George Bush this morning.

Deng Xiaoping said to Bush at the start of the meeting: "You know China quite well. I sincerely welcome you as an old friend of China. We hope that certain dark shadows and clouds between our two countries will be swept away by your visit here." Bush said: "We feel that U.S.-Chinese relations are extremely important. President Reagan has strongly asserted this. I hope that when I leave your country both sides will be able to have a better understanding of the fundamental essence of this relationship."

According to our information, during the meeting Deng Xiaoping expounded on China's stand on the Taiwan issue, especially on the question of U.S. arms sales to Taiwan, and asked Vice President Bush to convey his views to President Reagan.

During the meeting the two sides exchanged views on a number of international issues. State Councillor and Foreign Minister Huang Hua attended the meeting.

After the meeting Deng Xiaoping gave a banquet for Vice President Bush and his wife and party.

Bush, Wan Li Toasts at Banquet

OW081320 Beijing XINHUA in English 1308 GMT 8 May 82

[Text] Beijing, May 8 (XINHUA) -- U.S. Vice-President George Bush and Mrs Bush gave a return reception in the Great Hall of the People here this evening. Vice-President Bush and Chinese Vice-Premier Wan Li proposed toasts at the reception.

The vice-president said his talks with Chinese leaders were candid, friendly and fruitful and the subject of Taiwan was the essential point of their talks. "We agree that representatives from both sides will continue to hold talks on the question of arms sales to Taiwan," he said.

Vice-Premier Wan said the vice-president's current visit to China has provided a good opportunity for direct dialogue between leaders of the two countries on questions of mutual concern. "The frank and sincere discussions [the transliteration for "sincere" as taken from the Beijing XINHUA Domestic Service in Chinese version at 1540 GMT on 8 May is: kai cheng bu gong de 7030 6134 1580 0361 4104] we have had in the last two days are useful and have enabled us to see even more clearly the importance and urgency of removing the serious obstacles existing in Sino-U.S. relations," he said. He expressed the hope that Bush's visit will be conducive to the settlement of this difficult issue.

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Among the guests were State Councillor and Foreign Minister Huang Hua and his wife He Lilang, Zhou Peiyuan, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, Zhu Muzhi, minister of culture, and Huang Zhen and Hao Deqing, leading members of related departments. Arthur W. Hummel, Jr., U.S. ambassador to China, and Mrs. Hummel, and Bush's entourage were also present at the reception.

Zhao, Bush Discuss Taiwan

OW081437 Beijing XINHUA in English 1414 GMT 8 May 82

[Text] Beijing, May 8 (XINHUA) -- Chinese Premier Zhao Ziyang told U.S. Vice-President George Bush here this afternoon that in a meeting with Mr. Bush this morning "Vice-Chairman Deng Xiaoping presented China's position on the Taiwan question, especially on U.S. sales of arms to Taiwan." He asked Vice-President Bush to convey the Chinese views to President Ronald Reagan. The meeting took place at Zhongnanhai.

Premier Zhao thanked the U.S. vice-president for delivering President Reagan's letter to Chairman Hu Yaobang. He said that the Chinese Government attaches much importance to the current visit of Vice-President Bush entrusted by the U.S. President. "You met with Chinese leaders and you had an especially candid and in-depth exchange of views [The transliteration for "candid and in-depth" as taken from the Beijing XINHUA Domestic Service in Chinese version at 1558 GMT on 8 May is: tan shuai shen ru de 0982 3764 3234 4104] with Vice-Chairman Deng Xiaoping. I believe that these meetings will help you to understand better the Chinese position and I hope that these meetings will help to resolve the difficult problems facing us," Premier Zhao said.

Vice-President Bush said: "I'm deeply appreciative to Chinese leaders [The Beijing XINHUA Domestic Chinese version reads: "I'm deeply appreciative to you and other Chinese leaders..."] for the opportunity we had to explain strongly-held convictions of the President of the United States and to listen carefully to the very in-depth and frank presentations by the Chinese leaders." [The Beijing XINHUA Domestic Chinese version reads: "...President of the United States and to have frank and in-depth exchange of views with the Chinese leaders."] The vice-president described these meetings as "excellent meetings" and said: "I will go back and prepare to discuss in detail with the President with much better understanding of the depth of the feelings that you have on the positions."

In the meeting, they also discussed a number of international issues. Present on the occasion were Huang Hua, state councillor and minister of foreign affairs; and Zhang Wenjin and Han Xu, vice-ministers of foreign affairs. Also on hand were Arthur W. Hummel, Jr., U.S. ambassador to China; Daniel J. Murphy, chief of staff to the vice-president; and Ambassador John H. Holdridge, assistant secretary of state for East Asian and Pacific affairs.

ZHONGGUO XINWEN SHE on Meeting

HK090233 Beijing ZHONGGUO XINWEN SHE in Chinese 1532 GMT 8 May 82

[Text] Beijing, 8 May (ZHONGGUO XINWEN SHE) -- Premier Zhao Ziyang met U.S. Vice President Bush and his party in Zhongnanhai this afternoon. During the meeting, Zhao Ziyang thanked Bush for passing on the letter from President Reagan to Chairman Hu Yaobang. He said the Chinese Government attaches importance to this visit of Vice President Bush as commissioned by President Reagan. Zhao Ziyang said, I hope that the talks you have had on this visit, especially the candid and thoroughgoing talks with Vice Chairman Deng Xiaoping, will help you to understand our stand and will also help solve the difficult problems between our two countries. Bush said, I deeply thank you and the other Chinese leaders for giving us this opportunity to make clear the stand held by the President of our country and this chance for candid and thoroughgoing talks with Chinese leaders. By these exchanges of views we will have a deeper understanding of your country's stand.

We feel that the talks between us have been extremely good. Bush declared that he will relay in detail his talks with the Chinese leaders to President Reagan when he returns to the United States. The two sides also talked about a number of international issues.

State Councillor and Foreign Minister Huang Hua attended the meeting. U.S. Ambassador to China Arthur Hummel attended the meeting on the U.S. side.

Han Xu Sees Off Bush 9 May

OW090710 Beijing XINHUA in English 0700 GMT 9 May 82

[Text] Beijing, May 9 (XINHUA) -- U.S. Vice-President George Bush told newsmen here today before boarding his plane for home that some progress has been made in his discussions with Chinese leaders in the past three days. "Differences between us remain. But we'll seek to resolve them," the vice-president said in a press conference at the airport at the end of his China visit. He stressed that "I believe the main question before us can be resolved." He said, "I know that the President and officials of the United States will do everything possible to ensure that the friendship and relations between our two governments will grow." He said that he appreciated the great warmth of the reception the Chinese Government and people accorded him on the trip.

The U.S. Vice-President and Mrs. Bush left here by special plane for home at lunch time today. They were seen off at the airport by Chinese Vice-Foreign Minister Han Xu and his wife, and the U.S. ambassador to China, Arthur W. Hummel, Jr. and Mrs. Hummel. Earlier today, Chinese State Councillor and Foreign Minister Huang Hua and his wife went to the guesthouse to say goodbye to the U.S. guests.

Beijing TV on Bush Activities

HK100730 [Editorial Report] Beijing Domestic Television Service in Mandarin at 1100 GMT on 7, 8 and 9 May carries a series of filmed reports on U.S. Vice President Bush's activities in Beijing.

The first report, which is 3 minutes in length and shows the welcoming ceremony for Vice President Bush, his brief meeting with Vice Premier Wan Li and his talks with Foreign Minister Huang Hua on 7 May, is carried toward the end of the 1100 GMT newscast on 7 May following domestic news reports. It begins with a shot of Vice President Bush's limousine, bedecked with the national flags of the two countries, arriving at the open space in front of the Great Hall of the People. This is followed by shots of the vice president and his wife shaking hands with Vice Premier Wan Li, receiving bouquets from two Young Pioneers and shaking hands with Foreign Minister Huang Hua and other PRC officials. Then, after shaking hands with the vice president's entourage, Vice Premier Wan Li escorts his American guest to a podium, where they stand at attention as the two national anthems are played. The next scene shows the two leaders reviewing the honor guard and walking past a large group of dancing children.

This film is followed by two short reports, one showing Wan Li meeting Bush in a reception room immediately after the ceremony and another shows the vice president, PRC Foreign Minister Huang Hua and their aides holding talks across a long table in a conference room in the presence of a group of cameramen.

The second report, which is 4 minutes in length, shows Premier Zhao Ziyang's banquet for Vice President Bush on 7 May and Deng Xiaoping's meeting with him on 8 May. It is carried as the first item in the 1100 GMT newscast of 8 May.

The first segment of this film begins with a long shot of the visitors walking up the steps in the Great Hall of the People leading to the banquet hall, followed by shots of Zhao Ziyang shaking hands with the Bushes and their entourage at the door of the banquet hall and escorting them to the head table. The next scene shows Zhao reading his speech at the podium, with the camera occasionally cutting to show Bush, Wan Li and other guests reading the printed text of the speech.

The announcer sums up that part of Zhao Ziyang's speech in which he mentions the progress of the bilateral relations since the Shanghai communique and his hope that ways to remove the serious obstacles between the two countries will be discussed during the vice president's visit. Then, as the camera cuts to show Bush delivering his speech, the announcer quotes him as saying the U.S. Government acknowledges China's position that there is but one China and that Taiwan is a part of China and he has come in good faith to seek ways to overcome the differences between the two countries. This segment ends with shots of the two leaders as well as the guests exchanging toasts.

The second segment of this report, which is 1 minute in length and shows Deng Xiaoping's meeting with the vice president, contains shots of Deng shaking hands with Bush and his entourage, the two leaders speaking to each other in a reception room and the same group at lunch after the meeting. This report is carried immediately after the one above.

After the third report, which is 1.5 minutes in length and shows Premier Zhao Ziyang meeting and speaking with the vice president in a reception room on 8 May, the last film of this series shows Bush's return banquet given on the evening of the same day. This film shows the American hosts walking into the banquet hall of the Great Hall of the People, Bush and Wan Li addressing the guests and toasting each other.

The announcer summarizes Bush's speech by saying: "Vice President Bush said his talks with the Chinese leaders were candid, friendly and fruitful and the subject of Taiwan was the essential point of their talks." The announcer's narration on Wan Li's speech is the following: "Vice Premier Wan Li said the vice president's current visit to China has provided a good opportunity for a direct dialogue between leaders of the two countries on questions of mutual concern. The frank and sincere discussions we have had in the last 2 days are useful and have enabled us to see even more clearly the importance and urgency of removing the serious obstacles existing in Sino-U.S. relations." The last two reports are carried in the middle of the 1100 GMT newscast on 9 May.

REAGAN PROPOSES EARLY NUCLEAR ARMS NEGOTIATIONS

OW100808 Beijing XINHUA in English 0755 GMT 10 May 82

[Text] Washington, May 9 (XINHUA) -- U.S. President Ronald Reagan today proposed to begin by the end of June formal negotiations with the Soviet Union on the reduction of strategic nuclear arms. Addressing the graduating class of Eureka College, the President's alma mater, Reagan declared that the U.S. would propose a "practical phased reduction plan" under which, by the end of the first phase, long-range ballistic missile warheads would be reduced to equal ceilings at least a third below current levels and no more than half of those warheads would be land-based. In a second phase, he said, the U.S. would seek to achieve an equal ceiling on other elements of strategic nuclear forces, including limits on ballistic missile throw-weight at less than current American levels.

Reagan reiterated his hope that a future meeting with Soviet leader Brezhnev could be arranged "where positive results can be anticipated," if they could not meet in New York next month as originally proposed. "When we sit down, I will tell President Brezhnev that the United States is ready to build a new understanding," he said.

His address today was widely anticipated by observers here as his keynote speech to be delivered at the Versailles summit of seven industrial countries and the Bonn summit of NATO countries. It was also seen as "an effort to turn attention away from the anti-nuclear movement in the United States and Western Europe."

Reagan stressed in his address that "the Soviet Union has used arms control negotiations as an instrument to restrict U.S. defence programs and, in conjunction with their own arms build-up, a means to enhance Soviet power and prestige."

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He recalled "the lessons of the past," saying that verifiability, equity and military significance should be the "firm criteria for arms control in the 1980's."

Explaining his "five-point program" for East-West relations, Reagan said it consists of "military balance, economic security, regional stability, arms reductions, and dialogue." "A sound East-West military balance is absolutely essential," he declared. "The Soviets must not have access to Western technology with military applications, and we must not subsidize the Soviet economy."

Reagan charged the Soviet Union for its "aggressiveness." "The Soviet Union continues to support Vietnam in its occupation of Kampuchea and its massive military presence in Laos. It is engaged in a war of aggression against Afghanistan. Soviet proxy forces have brought instability and conflict to Africa and Central America," he noted. He urged "a full Soviet withdrawal from Afghanistan," "withdrawal of Cuban forces from Angola" and a halt of "Cuban activities in Central America."

U.S. UNEMPLOYMENT RATE AT ITS HIGHEST SINCE 1941

OW072008 Beijing XINHUA in English 1848 GMT 7 May 82

[Text] Washington, May 7 (XINHUA) -- Unemployment in the United States jumped to 9.4 percent in April -- the highest rate since 1941 -- with 10.3 million people out of work, the government announced here today. Unemployment has been worsening for several months because of the current economic recession. By March, the jobless rose to 9 percent, equal to the post-war record set in May 1975, the high point of the last severe recession. Some 9.9 million people were out of work in March.

The deepening economic recession which started last August hit the nation's manufactures the hardest, with unemployment among blue-collar workers reaching 13.7 percent in April, a record. Unemployment among adults, traditionally the most stable segment of the labor force, spurted to 8.2 percent, also a record high. Teen-age unemployment shot up to 23 percent and joblessness among blacks reached 18.4 percent, both records. Meanwhile the number of Americans forced to accept part-time employment exceeded 5.8 million -- the highest since the government began keeping such figures more than a decade ago. Economists here believed that there is no evidence that the recession has hit the bottom. They anticipated that unemployment may continue to climb over the next few months.

XINHUA Cites Criticism

OW090256 Beijing XINHUA in English 0220 GMT 9 May 82

[Text] Washington, May 8 (XINHUA) -- The nation's 9.4 percent post-war unemployment record released yesterday has invoked serious concern and widespread criticism of the worsening recession and the ineffectiveness of the administration's economic policies. In the bitter partisan hostilities, the House Democratic leadership has moved to tie Reagan administration policies to the rising unemployment. House Majority Leader James Wright likened economy under Reagan to a terminally ill patient, and Senator Kennedy described the unemployed as "Ronald Reagan's breadline." The administration's policies have brought "a record deficit, and now postwar unemployment," Kennedy said. [sentence as received]

The administration's policies at a time of rising unemployment have also been attacked by trade union leaders in different sections of the country. AFL-CIO President Lane Kirkland said in Houston yesterday: "The President surrounds himself with economic quacks who practice their trade like the leech doctors of old who believe you can cure a patient of all ills by bleeding him to death."

Gerald McEntee, head of the American Federation of State, County and Municipal Employees, told a Michigan group that "the Reagan administration and its supporters in the state have been pulling the rug out from under the average working American."

Meanwhile, analyst Donald Straszheim noted that the latest job figures made it clear that the economy was "sinking rapidly in April." He predicted that figures to be published next week will show a "striking decline" in the nation's industrial output for April. James Capra, an industrial economist at the New York Federal Reserve Bank, said: "It is not a good situation. Not many forecasters had the unemployment rate topping out as high as 10 percent, but with this jump it could happen." He believed that the sharp rise in the jobless rate could mean a further decline in the gross national product in the current quarter.

The White House sought to place the best possible face on the bad news, calling it "disappointing" and saying that President Reagan "remains sensitive to the plight of the unemployed." However, White House Deputy Press Secretary Larry Speakes declined to predict when the employment picture might start to improve. President Reagan, in his weekly five-minute radio broadcast today, deplored the record unemployment rate in April, and urged Congress to "get off the dime" and pass the budget proposal approved by the Republican-led Senate Budget Committee and endorsed earlier this week by the President, which called for cuts of 40 billion dollars in social security and 95 billion dollars in new taxes over a period of three years. Something must be done about unemployment, he stressed.

BEIJING VIEWS EFFECTS OF U.S. ECONOMIC POLICIES

OW071423 Beijing in Mandarin to Taiwan 0400 GMT 6 May 82

[Radio talk: "What Does the Dollar Appreciation Show?"]

[Text] Recently the dollar has again appreciated in the international monetary market. In 1981, its value rose 18 percent against foreign currencies. Since the beginning of 1982, its value has steadily gone up. By the end of March, the Japanese yen had depreciated by more than 10 percent against the dollar. The British pound, French franc and West German mark have also depreciated against the dollar. Of course, the steady dollar appreciation has something to do with the turbulent international situation and the economic slumps in those countries. Nevertheless, an important reason is that the United States is adopting a high interest-rate policy to attract deposits by international monetary investors and thus raise the dollar's value. The steady dollar appreciation has aroused international condemnation. Japan and West European countries are extremely dissatisfied with the U.S. high interest-rate policy. They unanimously criticize it for delaying the restoration of economic prosperity and are determined to protect their currencies.

At the same time, the dollar appreciation has not won much acclaim at home either. The high interest-rate policy adopted by the Reagan administration has caused the United States to be flooded with foreign circulating funds. It is reported that 20 percent of the more than \$340 billion bank loans extended to industries and commerce by the middle of 1981 came from foreign banks. The Americans are worrying that if things go on like this, it will bring calamity to the United States. Therefore, some major newspapers in the United States have recently issued one warning after another and opposed excessive dollar appreciation. At the same time, they have called for stopping large amounts of foreign speculative, idle money from entering the United States and causing trouble.

The dollar appreciation has also caused endless anxieties and grievances in U.S. economic circles. Because of the appreciation, American products, priced in dollars, will be sold at higher prices in local currency on a foreign market. Conversely, the depreciation of a foreign currency will make the products of that country cheaper on the U.S. market.

As a Japanese car is, on an average, \$1,800 cheaper than its American equivalent on the U.S. market, the steady dollar appreciation against the Japanese yen will, of course, put the American automobile industry in a still more unfavorable position.

In the past year or so, the United States has had an economic slump and decreasing productivity. In 1981, it had a trade deficit amounting to \$39.7 billion. The 1982 deficit is estimated to be even worse. The U.S. financial deficit is also steadily rising. President Reagan's budget report estimates that the 1983 financial deficit will be \$91.5 billion, but the Congressional Budget Office estimates that it may reach as high as \$150 billion. The United States cannot increase its currency in circulation because it wants to curb inflation. For this reason, the Reagan administration has to raise interest rates to borrow a large amount of money from the monetary market. At present, the United States has a heavy burden of national debt, amounting to \$1,000 billion. The reality of the United States behind the dollar appreciation is that it is beset with contradictions and crises and is strong in appearance but weak in fact.

LIAO CHENGZHI MEETS, FETES CYNTHIA CHENNAULT

OW091522 Beijing XINHUA in English 1518 GMT 9 May 82

[Text] Beijing, May 9 (XINHUA) -- Liao Chengzhi, vice-chairman of the Standing Committee of the National People's Congress, and his wife Jing Puchun met here this evening with Cynthia Louise Chennault and her husband Pierre Sikivie. She is the daughter and he the son-in-law of Mrs. Anna Chennault. Vice-Chairman Liao had a cordial conversation with them and they dined together.

Cynthia Chennault, who has a Doctor of Literature degree, and her husband, an assistant professor of physics and mathematics at the University of Florida, U.S.A., will give lectures while in China. They arrived here this afternoon at the invitation of the Chinese People's Association for Friendship With Foreign Countries, and will visit Shanghai, Nanjing, Guangzhou and Kunming.

Present at the meeting was Hou Tong, vice-president of the Chinese association.

THAI FOREIGN MINISTER SITTHI SAWETSILA VISITS

Departure From Bangkok

OWO90830 Beijing XINHUA in English 0733 GMT 9 May 82

[Text] Bangkok, May 9 (XINHUA) -- Foreign Minister Sitthi Sawetsila of Thailand left here this morning for a five-day official visit to China.

In his statement prior to his departure at the airport, Sitthi told reporters that during his current visit to China he will meet Chinese Premier Zhao Ziyang and Foreign Minister Huang Hua and exchange views on Kampuchea and other important issues. He said he will also have a meeting with Samdech Norodom Sihanouk in Beijing to discuss the formation of a coalition government by the three resistance forces of Kampuchea. "I hope that the coalition government can be set up and believe that this will succeed some day," the Thai foreign minister said.

Arrival in Beijing

OWO91622 Beijing XINHUA in English 1616 GMT 9 May 82

[Text] Beijing, May 9 (XINHUA) -- Thai Foreign Minister Sitthi Sawetsila, Mrs. Sawetsila and their party flew into Beijing tonight. They were welcomed at the airport by Huang Hua, Chinese state councillor and foreign minister, and his wife. Thai Ambassador to China Koson Sinthuwanon and Mrs. Sinthuwanon were on hand.

The Thai foreign minister is paying a visit to China at the invitation of Huang Hua.

Sitthi Interviewed on Visit

OWO71327 Beijing XINHUA in English 1249 GMT 7 May 82

[Text] Bangkok, May 6 (XINHUA) -- The Kampuchean problem will continue to be the main topic at the foreign ministers' meeting of the Association of South East Asian Nations (ASEAN) scheduled for mid-June. The meeting will stick to the proposals for solving the Kampuchean problem ASEAN have already put forward at the United Nations instead of submitting new ones. These remarks were made by Thai Foreign Minister Sitthi Sawetsila during an interview with Chinese correspondents at his office here this morning on the eve of his forthcoming China visit.

What is important now, Sitthi said, is how to put the U.N. resolutions into effect. Thailand and the other ASEAN countries will adhere to the principle of supporting Democratic Kampuchea's seat in the U.N., and there will be no change in this respect.

On the forthcoming ASEAN foreign ministers' meeting, Sitthi said the meeting in Singapore will devote most of the time to discussing regional problems and various issues relating to ASEAN and will make efforts to seek solutions to these issues. Speaking about the dialogue between ASEAN foreign ministers and foreign ministers of the United States, Japan, Australia, New Zealand and Canada as well as the EEC Commission chairman following the Singapore meeting, Sitthi said he hoped that fruitful cooperation between ASEAN and these countries will benefit ASEAN's work in the next session of the U.N. General Assembly. He said ASEAN is now united and therefore respected by many countries.

Sitthi described the Kampuchean problem as "the most important political issue" of the region. He said ASEAN hopes for regional peace and stability and the establishment of a zone of peace, freedom and neutrality in the area. However, he added, so long as the Kampuchean problem exists, ASEAN countries can neither fulfil their aspirations, nor can they devote all their energy to the construction of their countries for they have to concern themselves with the safety of their countries and other matters.

Asked about Thailand's principle towards Democratic Kampuchea's U.N. seat, he said that the ASEAN countries have been making concerted efforts to seek support for it. ASEAN's efforts have won the support of many countries. The votes in favor of Democratic Kampuchea's seat increased in the last three General Assembly sessions. Sitthi said: The countries which have promised support remain opposed to armed occupation of one country by another. But don't forget the Vietnamese side is going about trying to convince others that the situation in Kampuchea has calmed down. This is only a trick. In fact the Western and other countries have given principled support to Democratic Kampuchea in accordance with U.N. resolutions. Once a coalition government is formed, as expected by the three sides, by Democratic Kampuchea with Khieu Samphan as president together with Samdech Norodom Sihanouk and Son Sann, no one would object to Democratic Kampuchea's seat in the U.N.. Thus a great victory will be scored at the next U.N. General Assembly session for the votes in favor of Democratic Kampuchea will assuredly increase. Otherwise, it is hard to estimate whether the votes will increase or reduce. Thailand, like all other ASEAN countries, will adhere to its principle and not change its stand in support of Democratic Kampuchea's seat in the U.N.

Answering a question about the prospects for a tripartite union in Kampuchea, he said that such a union is very hopeful judging from present reports. The three parties have agreed on a summit and Malaysia has offered Kuala Lumpur as the venue. It must be a success this time. But in the last analysis, success depends on the efforts of all the resistance forces of Kampuchea. Outsiders must not force the Kampucheans to take any course of action.

Asked about Thailand's "economic diplomacy," the Thai foreign minister said that since last year, Thai Prime Minister Prem Tinsulanon paid visits to several countries. Among the members of his delegation were some private businessmen. Formerly, of Thailand's export commodities, agricultural products accounted for 90 percent while industrial products only 5 to 10 percent. Now, industrial exports have reached about 30 percent of the country's total exports. In the coming five years, Thailand wishes to have more foreign investments in the exploitation of its natural gas and petroleum. The Thai Foreign Ministry will make efforts to promote cooperation with the countries concerned in this field. Referring to the Thailand-China agreements on cooperation in trade, science and technology, the Thai foreign minister said the growing trade and new scientific-technical exchanges between Thailand and China will be beneficial to the growth of their national economy and the improvement of the living conditions of the two peoples. He stressed that the Thai Foreign Ministry has also instructed all its embassy and consular officials abroad to pay attention to and promote the expansion of Thailand's foreign trade.

Questioned about his coming visit to China, the foreign minister said that he wished to convey to the Chinese people through the Chinese mass media the best wishes of the Thai people. He expressed his conviction that his visit will further consolidate and promote the friendly relations between the two countries.

FRENCH ARMAMENTS-STUDY GROUP ON EDUCATIONAL TOUR

Feted by PLA Official

OW081624 Beijing XINHUA in English 1555 GMT 8 May 82

[Text] Beijing, May 8 (XINHUA) -- Xu Xin, assistant to the chief of the General Staff of the Chinese People's Liberation Army, gave a banquet here this evening in honor of a delegation from the French center for higher studies of armaments [as received] led by its Director General Paul Assens. The center trains military engineers, leaders of the military industrial enterprises and senior officers. The 51 members of the delegation, who arrived here yesterday, are on a study tour of China.

Meets Defense Vice Minister

OW091516 Beijing XINHUA in English 1513 GMT 9 May 82

[Text] Beijing, May 9 (XINHUA) -- Xiao Ke, vice-minister of national defense, met here this afternoon with the delegation from the French center for higher studies of armaments led by its Director General Paul Assens. Xiao Ke gave an account of China's army organization to the 51-member delegation and answered their questions.

YU QIULI MEETS FRENCH DELEGATION 8 MAY

OW081326 Beijing XINHUA in English 1314 GMT 8 May 82

[Text] Beijing, May 8 (XINHUA) -- State Councillor Yu Qiuli met and had a friendly conversation here this afternoon with Jean-Pierre Desgeorges, chairman of the board of directors of Alsthom-Atlantique, France, and his party. The French guests arrived here yesterday.

DELEGATION LEAVES TO ATTEND SYMPOSIUM IN AUSTRIA

OW081648 Beijing XINHUA in English 1557 GMT 8 May 82

[Text] Beijing, May 8 (XINHUA) -- A Chinese economic and trade delegation led by Wang Yaoting, chairman of the China Council for the Promotion of International Trade, left here this evening for Austria to attend an international symposium on strengthening economic relations with China.

The Chinese delegation will give talks on China's principles and policies governing its economic cooperation with other countries, the current situation of China's foreign trade and its prospect. During the symposium the Chinese delegation will also discuss the possibilities of specific economic cooperative projects with West European businessmen.

The Chinese delegation is composed of representatives from the China Council for the Promotion of International Trade, the Ministry of Foreign Economic Relations and Trade, and the Bank of China, as well as representatives from Beijing Municipality and Shanxi Province.

WANG ZHEN LEAVES FOR VACATION IN ROMANIA

Departure From Beijing

OW060714 Beijing XINHUA in English 0703 GMT 6 May 82

[Text] Beijing, May 6 (XINHUA) -- Wang Zhen, member of the Politburo of the Standing Committee of the Military Commission of the Central Committee of the Chinese Communist Party, and his wife, Wang Jiqing, left here by air today for Romania to spend their vacation and do sightseeing.

They were seen off at the airport by Yang Shangkun, secretary general of the Military Commission of the CCP Central Committee; Deng Liqun, head of the Propaganda Department of the CCP Central Committee; Zhang Zhen, deputy chief of the General Staff of the Chinese People's Liberation Army; and Wen Yezhan, vice-minister of foreign affairs. On hand was Romanian Ambassador to China Florea Dumitrescu.

Bucharest Banquet

OW061048 Beijing XINHUA in English 0704 GMT '8 May 82

["Romanian Defense Minister Meets Chinese Guest" -- XINHUA headline]

[Text] Bucharest, May 7 (XINHUA) -- C. Olteanu gave a banquet in the evening in honour of Wang Zhen and his party. Present at the meeting and the banquet were Vasile Milea, chief of the General Staff; Gheorghe Gomoiu, secretary of the Supreme Political Council of the Armed Forces; and other high-ranking officers of the Romanian Army. Wang Zhen arrived here yesterday for vacationing.

BEIJING FILM RECEPTION MARKS CSSR NATIONAL DAY

OW072012 Beijing XINHUA in English 1520 GMT 7 May 82

[Text] Beijing, May 7 (XINHUA) -- The Chinese People's Association for Friendship With Foreign Countries gave a film reception here this afternoon to celebrate the 37th anniversary of the National Day of the Czechoslovak Socialist Republic.

Among the guests were Czechoslovak Ambassador to China Zdenek Trhlik and Mrs. Trhlikova, and embassy officials. Xie Bangding, vice-president of the host association, presided over the reception.

NEW PRC AMBASSADOR ARRIVES IN ADEN 5 MAY

OW082132 Beijing Domestic Service in Mandarin 1500 GMT 6 May 82

[Text] (Tang Yong), China's new ambassador extraordinary and plenipotentiary to the PDRY, arrived in Aden on 5 May to assume his post. Former Chinese Ambassador Huang Shixie already left Aden for home upon completion of his tour.

LIBERIA'S DOE ENDS VISIT, DEPARTS FROM GUANGZHOU

OW091230 Beijing XINHUA in English 1212 GMT 9 May 82

[Text] Guangzhou, May 9 (XINHUA) -- Samuel Kanyon Doe, head of state of the Republic of Liberia, and his party left here by special plane this morning at the end of an official and friendly visit to China. Seeing the distinguished Liberian guests at the airport were Gong Dafei, vice-minister of foreign affairs; Liu Tianfu, governor of the Guangdong Province, and Liu Pu, Chinese ambassador to Liberia.

WAN LI MEETS ZAIRIAN AGRICULTURAL DELEGATION

OW091509 Beijing XINHUA in English 1504 GMT 9 May 82

[Text] Beijing, May 9 (XINHUA) -- Vice-Premier Wan Li met here this afternoon with an agricultural delegation from Zaire led by Mukala wa Mukala, secretary of state for rural development in the Ministry of Agriculture and Rural Development. In their conversation, they briefed each other on the development of agricultural production in their own countries. The Zairian guests arrived here May 7 as guests of the Ministry of Agriculture, Animal Husbandry and Fishery, and were entertained at a banquet yesterday evening hosted by Vice-Minister He Kang.

BRIEFS

ENVOY TO JORDAN -- Beijing, 27 Apr (XINHUA) -- Chinese Ambassador to Jordan, Gu Xiaobo left Amman for home today upon conclusion of his term of duty, according to a report from the Jordanian capital. Before his departure, Gu Xiaobo was received by King Husayn ibn Talal, Crown Prince Hasan ibn Talal and Prime Minister Mudar Badran. The Chinese ambassador was awarded a Jordan independence medal by Jordanian Foreign Minister Marwan al-Wasim on behalf of the king and the Jordanian Government. [Text] [Beijing XINHUA in English 0152 GMT 28 Apr 82 OW]

RELIEF AID TO BOTSWANA -- Gaborone, 5 May (XINHUA) -- On behalf of the Chinese Red Cross Society, Wang Rensan, Chinese ambassador to Botswana, presented a cheque of 10,000 U.S. dollars to Botswana Minister of Finance and Development Planning, Peter Mmusi this afternoon. The cheque was presented as a relief to the drought-stricken people of the country. [Text] [Beijing XINHUA in English 0718 GMT 6 May 82 OW]

RELIEF AID TO MOZAMBIQUE -- Beijing, 6 May (XINHUA) -- The Chinese Embassy in Mozambique, in the name of the Chinese Red Cross Society, has donated 50,000 yuan (RMB) to the Mozambican Government, according to a report from Maputo. The donation was presented as a relief to the drought-affected people of that country. [Text] [Beijing XINHUA in English 0759 GMT 6 May 82 OW]

RENMIN RIBAO URGES SOLUTION OF FALKLANDS DISPUTE

HK071410 Beijing RENMIN RIBAO in Chinese 5 May 82 p 6

[Short commentary: "The Malvinas Dispute Will Not Be Resolved Through the Use of Force"]

[Text] Repeated British air and naval strikes against the Malvinas have led to a gradual escalation of the dispute between Britain and Argentina over the islands. Britain and Argentina are currently engaged in an air and naval battle in the South Atlantic; losses on both sides are on the increase and more and more and blood is being spilt. This has not only made a peaceful resolution of the Malvinas dispute more difficult, but has also aggravated tension in the whole of the Western Hemisphere. World public opinion has expressed deep regret and great disquiet over the current situation. The Malvinas dispute is a historical question left over by imperialism and is one for which a just and reasonable solution can only be reached through peaceful negotiations between the nations involved. The international community has already clearly expressed its position on this point. Argentina's sovereign claim over the Malvinas has already won the sympathy and support of a number of nonaligned nations. Originally this question could have been resolved through patient peace negotiations had the reasonable wishes of the Third World been respected. Both Britain and Argentina have expressed a willingness to negotiate a peaceful settlement to the dispute between the two, and Argentina has put forth various suggestions to this end. Resolution No 502, put forth by Britain and passed by the UN Security Council, also calls on both sides to cease hostilities and reach a peaceful solution through negotiations. Various governments have been desperately urging both sides to exercise restraint in looking for a solution to the dispute. Several nations have also come forward to act as mediators. All this reflects international public opinion's strong desire to maintain peace in the South Atlantic. However, just as these various efforts were being made, Britain launched a military assault on the Malvinas Islands, provoking a bloody conflict. This attempt to use military force and the threat to use greater military force to achieve its aims is not a legitimate course of action. It will not lead to a solution of the problem and can only make the situation worse. It should be pointed out that we are now in the 1980's of the 20th century and that any attempt to force the nations of the Third World into submission through the use of warships can never succeed.

When the conflict between Britain and Argentina first occurred the U.S. Government acted as a mediator between the two sides. People hoped that as an ally of both countries Washington would adopt a fair and unbiased stand and would be able to find a reasonable solution to the problem. It is regrettable, however, that in the course of this mediation, the United States, by strongly favoring Britain and bringing great pressure to bear on Argentina, has caused its efforts at mediation to make no headway. On the eve of Britain's military attack on the Malvinas the U.S. Government suddenly changed its neutral attitude and announced its support for Britain and even went so far as to impose economic sanctions against Argentina. People believe that America's actions have in fact encouraged Britain to take military action. Such a view is not entirely unreasonable. The U.S.' course of action has certainly not helped the efforts of the international community to reach a peaceful solution to the dispute and may even have hurt the United States itself. This has been borne out by the strong reaction of Argentina and other Latin American nations against the United States.

Although serious armed conflict has now occurred between Argentina and Britain, negotiation remains the only way to resolve the Malvinas dispute. The UN Security Council and the UN general secretary are now making new efforts to mediate the dispute and have suggested an immediate cease-fire. Argentina has already given a positive response to the U.N.'s mediation and suggestions for a cease-fire. We hope that Britain will be equally responsive and will create the conditions necessary for a peaceful settlement of the Malvinas dispute.

NEW 'OBSTACLE' NOTED IN FALKLANDS SETTLEMENT

OW081920 Beijing XINHUA in English 1834 GMT 8 May 82

["Round-up: Peaceful Settlement of Malvinas Dispute Meets New Obstacle" -- XINHUA headline]

[Text] Buenos Aires, May 7 (XINHUA) -- Britain's announcement today that it will extend the 200-mile blockade around the Malvinas Islands has placed a new stumbling block on the way to a peaceful settlement of the dispute. It has shattered the thread of hope of a peaceful settlement which appeared in the past few days.

Of late, appeals for a peaceful settlement have been mounting internationally. Not a few countries have offered mediation. U.N. Secretary-General Javier Perez de Cuellar has put forward a concrete proposal reportedly including mutual ceasefire, troops withdrawal and the temporary taking over by the United Nations of the disputed islands, thus bringing a gleam of hope to peace in the south Atlantic.

While coping with economic sanctions and military attacks, Argentina has persisted in its claim for sovereignty over the Malvinas Islands. In the meantime, it has repeatedly expressed its hope for a peaceful settlement. After the U.N. secretary-general has put forward his proposal, Argentina deems the time is ripe for it to act to ease the current tense situation. Argentina has expressed willingness to accept the U.N. secretary-general's proposal as being relatively neutral. It has dispatched Under-Secretary of Foreign Affairs Enrique Ros to New York for consultations on the proposal.

Britain's military action against the South Georgia Island and the Malvinas Islands have not only added to its military and economic burdens, but also effected a turn in public opinion at home and in West European countries unfavorable to the British Government. The mounting appeals in the West for a peaceful settlement through diplomatic channels have made Britain respond to some extent to the U.N. secretary-general's proposal.

However, there are some differences in the response of Argentina and Britain. While Argentina gave the impression of relative satisfaction with the U.N. proposal, the British regard it only as a possibility to a settlement. To pave the way to peace, the prickly issue of sovereignty of the Malvinas (Falklands) has been avoided in the U.N. proposal. Argentina will not withdraw its troops if its sovereignty over the islands is not guaranteed in future negotiations, whereas Britain won't come to the negotiation table without a promise of Argentine withdrawal. Here lies the crux of difficulties in any mediation.

Since its arrival in the South Atlantic, the British task force fleet has achieved no significant victory; on the contrary, it has suffered heavy losses in battle. In these circumstances, new assaults are likely in an attempt to raise Britain's bargaining power at the negotiation table. Prior to the announcement of the extended blockade zone, British Defense Secretary John Nott confirmed that the task force would be reinforced by a strong helicopter squadron. An escalation in the South Atlantic conflict cannot be ruled out.

I. 10 May 82

C H I N A
PRC NATIONAL AFFAIRS

K 1

AFP: GROUP CLAIMS RESPONSIBILITY FOR AIR CRASH

OW071711 Hong Kong AFP in English 1658 GMT 7 May 82

[Text] Tokyo, 7 May (AFP) -- A group calling for the immediate release of convicted radical leaders of China's "Cultural Revolution" has claimed responsibility for the crash of a Chinese domestic airliner in southern China on April 26, it was reported today. Over 100 people aboard the ill-fated British-built Trident jet, including foreigners, were killed.

The claim was made in an airmail letter which was postmarked April 26 by the post office of Guangzhou and received yesterday by the major Japanese newspaper MAINICHI SHIMBUN.

The mimeographed letter said that the group carried out a "revolutionary act" against a domestic airliner on April 26 and would "punish" China's strongman Deng Xiaoping "at any cost this year," the paper added. However, the letter did not specify what the group did to the plane. Reports reaching Hong Kong earlier said the Trident aircraft had exploded in mid-air.

The group called itself "the action committee to rescue Comrade Jiang Qing," the widow of the later Chairman Mao Zedong, who was convicted last year of charges of fatal persecutions along with top radical leaders of the 1966-1976 Cultural Revolution, the paper said.

The plane crashed while on a domestic flight from Guangzhou to the scenic resort of Guilin. Chinese authorities have yet to make public findings of their probe of the accident.

The letter said the group took the action because two subordinates of Vice Chairman Deng Xiaoping had been reported to board the plane.

It demanded Jiang Qing, former Vice Premier Zhang Chunqiao and other Cultural Revolution leaders be released immediately.

The letter quoted prediction by the late Mao Zedong as saying that the rightists would pull a coup in China after his death but would not last long, according to the newspaper. The present situation conforms to the prediction, and the act was just the beginning of a series of revolutionary acts, the letter also said.

YAO YILIN REPORT ON ECONOMIC, SOCIAL DEVELOPMENT

OW060504 Beijing XINHUA Domestic Service in Chinese 0202 GMT 5 May 82

[Text] Beijing, 5 May (XINHUA) -- Report on the draft of the 1982 plan for economic and social development by State Council Vice Premier and concurrent Minister in Charge of the State Planning Commission Yao Yilin at the 23d Session of the 5th NPC Standing Committee on 28 April 1982:

Deputies, the Fourth Session of the Fifth NPC has approved, in principle, the essential points of the draft of the 1982 plan for economic and social development put forward by the State Council, and authorized the NPC Standing Committee to examine and ratify it after tackling some specific problems in the draft of the plan. After the closing of the Fourth Session of the Fifth NPC, the State Council has, on the one hand, made the essential points of the draft of the 1982 plan for economic and social development known to the various departments and localities at the lower level so that they can make early preparations for this year's work on the basis of the draft plan. On the other hand, it has studied and tackled the existing problems in the draft of the plan. After a certain period some of the unsolved problems that existed in the draft plan at that time have been basically smoothed out. Now, I have been entrusted by the State Council to report on how the 1981 plan was implemented and on the draft of the 1982 plan.

I The Situation in Implementing the 1981 Plan

The 1981 national economic plan has been victoriously implemented, thanks to the joint efforts of the people of all nationalities throughout the country. The plan has been fulfilled better than expected.

1. On the basis of the fixed prices of 1970, it was originally estimated that the gross value of agricultural output would reach 169 billion yuan as specified in the plan and mark an increase of 4 percent over the previous year. Actually, the gross value of agricultural putput reached 172 billion yuan (note 1), an increase of 5.7 percent over the previous year. Among the various major farm products, the grain output was basically the same as what we estimated. The output of the majority of industrial crops exceeded the original estimates. In 1981, the nation's grain output reached 325.02 million dun, an increase of 4.5 million dun or 1.4 percent over the previous year; the output of cotton reached 2.968 million dun, an increase of 260,000 dun or 9.6 percent over the previous year; the output of oil-bearing crops reached 10.2 million dun, an increase of 2.51 million dun or 32.7 percent over the previous year; and the output of sugar-bearing crops reached 36.02 million dun, an increase of 6.91 million or 23.7 percent over the previous year. The production plans for pork, beef and mutton as well as aquatic products were overfulfilled. Fairly large developments were made in sideline occupations in rural areas. Further improvements were made in the internal structure of agriculture and in the patterning of crops in production. The entire situation in agriculture is inspiring.

2. On the basis of the fixed prices in 1970, it was originally estimated that the total industrial output value would reach 511 billion yuan as specified by the plan or even slightly more, and show an increase of about 3 percent over the previous year. Actually, it reached 519.9 billion yuan (note 2), marking an increase of 4.1 percent over the previous year. In the whole industry, the output value of light industry was increased by 14.1 percent and that of heavy industry decreased by 4.7 percent. The percentage of the light industrial output value in the gross industrial output value rose from 46.9 percent of the pevious year to last year's 51.4 percent. The production targets of 87 of the 100 types of industrial products were fulfilled or overfulfilled. Fairly large increases were registered in the production of products such as cotton yarn and fabrics, woolen and silk fabrics, sugar, beet, synthetic detergents, bicycles, sewing machines, wristwatches, plate glass, cement and others. The output of coal and crude oil was basically the same as that of the previous year.

The output of electricity rose by 2.9 percent and that of steel dropped by 4.1 percent as compared with those of the previous year. However, the percentage of usable steel was somewhat raised.

Targets in railway, water transport, highway, civil aviation and postal and communications departments were also well fulfilled. This had basically ensured the flow of all types of important supplies and passengers.

3. The total investment in capital construction was 42.8 billion yuan, a decrease of 11.1 billion yuan or 20.6 percent over the previous year. At the end of 1981, 663 large and medium-sized projects were under construction, a decrease of 241 as compared with the previous year. The use of capital construction investment was continuously better oriented. The ratio of such investment in the light and textile industries rose from 9.1 percent in the previous year to 11.1 percent in last year's 10 percent of the gross investment in capital construction. The ratio of the investment in nonproductive construction projects aimed at improving the people's material and cultural well-being rose from 33.7 percent in the previous year to last year's 41.1 percent of the gross inventory. The percentage of fixed assets in use was higher than the previous year. The production targets of 24 of the 27 major products listed in the state plan were fulfilled and overfulfilled. The production capacity of those products was recently expanded.

4. As for revenue and expenditures, preliminary statistics show that the total revenue reached 106.43 billion yuan with a total expenditure of 108.97 billion yuan (including foreign loans and the revenue and expenditure abroad). The result showed a deficit of 2.54 billion yuan, slightly less than the estimated deficit of 2.72 billion yuan.

5. The total volume of retail sales reached 235 billion yuan, an increase of 9.8 percent over the previous year. (The actual rate of growth was 7.2 percent if factors in allowing commodity price increases in retail are not considered.) The general level of retail commodity prices for the entire year (with due consideration given to the weighted average between the list prices and negotiated prices of state-run enterprises and the prices at the trade fair) rose by 2.4 percent over the previous year. Except for the fairly large price increases for vegetables, tobacco, wine and other commodities, the prices for most of the daily necessities were basically stable.

The total amount of export and import trade in the whole nation reached 73.53 billion yuan, marking an increase of 29 percent over the previous year with the total amount of export trade increased by 35.5 percent and that of import trade increased by 23.1 percent over figures for the previous year. If changes in prices and in the rate of exchange are not taken into consideration, the total amount of export and import trade in the whole nation rose by 11 percent with the total amount of export business increased by 18 percent and that of import business increased by 5 percent.

6. New developments were scored in science, education, culture, public health and other fields. The whole nation scored significant achievements in 3,100 scientific, technical and research projects including 120 creations and inventions approved by the state. The fine strains of hybrid paddy rice were being popularized on a large scale, playing a remarkable role in increasing agricultural production. The industrial departments trial-produced and introduced nearly 10,000 new products and techniques. Half of the new products are on the production lines.

The ordinary institutions of higher learning admitted 275,000 students, exceeding the targets as specified by the state plan. As many as 1.28 million students enrolled in various schools, an increase of 12 percent over the number of students enrolled in the previous year. Progress was also made in readjusting the specialties and major fields of study in the institutions of higher learning. Weaknesses in the departments of finance and economics, political and judicial affairs and light industry and others were strengthened. Preliminary achievements were scored in the restructuring of secondary schools. A total of 424,000 students enrolled in vocational and agricultural middle schools, an increase of 38 percent over the previous year. The hospitals in the country expanded the number of beds by 35,000. There were continuous developments in film-making, television, broadcasting, publication, journalism and other fields. The front of physical education and sports scored fine and stirring achievements.

7. People's livelihood in the urban and rural areas has continued to improve to a certain extent. According to the data acquired by samples taken by the State Statistical Bureau, the average annual per-capita income of peasants amounted to 223 yuan as compared with 191 yuan for the previous year, or an increase of 16.8 percent. The total amount of wages for workers and the staff in units under the ownership by the whole people increased by 5.2 percent over the previous year. A total of 8.2 million people in cities and towns throughout the country have been given jobs. The wages of middle and primary school teachers, physical culture workers and some medical workers have been raised.

Judging from the implementation of the plan, our country's industrial and agricultural development still advances at a set speed in the midst of large-scale economic readjustment with the ratio relationships in various areas gradually coming into line; the economic situation throughout the country is basically stable, the most difficult period is over and all undertakings have begun to move ahead steadily.

This proves that the policy of making further readjustment on the national economy decided by the central work conference of the CCP Central Committee in December 1980 together with important measures adopted and the "Resolution on approving the State Council report on readjusting this year's national economic plan and the state revenue and expenditure" adopted at the 17th meeting of the NPC Standing Committee on 6 March 1981 are fully correct and timely. At the beginning of last year we put forth a goal of achieving a basic balance of state revenue and expenditure by working hard for 1 year in spite of the enormous financial deficit that appeared in the previous 2 years. At that time some comrades were worried that goal could not be realized. Thanks to our reliance on the superiority of the socialist planned economy and to the concerted efforts of various localities and departments working in complete harmony, by taking the interest of the whole into account we have not only achieved a basic balance of the state revenue and expenditure but also tremendously cut down expenditures and brought about a growth of more than 5 percent in agriculture and more than 4 percent in industry. This fully demonstrates that the socialist system possesses the power to overcome difficulties.

Of course, we must also clearly realize that some problems still exist in the present national economy that deserve our attention. The main problems are: The basic balance of the 1981 state revenue and expenditure was realized chiefly by large-scale reduction of expenditure and such an accomplishment is therefore not solid enough. The balance of energy production and needs as well as the relatively tense communications and transport situation are, to a large extent, restricting the growth of industrial production as a whole. As long as the increase of certain consumer goods still lags behind the growing needs of the people, it remains an arduous task for us to maintain a basic stabilization of commodity prices in the market. Poor economic results in various areas have remained more or less unchanged and this situation has even worsened in some areas.

The total labor productivity of industrial enterprises under the ownership by the whole people in 1981 dropped 1.8 percent compared with the previous year and the total production cost of constant products rose 1 percent over the year before; the quality of some products also dropped somewhat whereas material consumption rose to some extent. Some enterprises, going after output value unrealistically, have not paid much attention to the marketability of their products, thereby resulting in overstocking of certain products and the growth rate of their industrial output contained a little "padding" [shui fen 3055 0433]. This state of affairs shows that while the potential danger in the national economy has eased markedly, it has not been basically eradicated and we should not remain unrealistically optimistic and lower our guard.

II The Tasks and Major Targets of the 1982 Plan

The State Council decided that the major tasks of economic and social development in 1982 are to further implement the principle of readjustment, restructuring, reorganization and upgrading, to consolidate and develop the achievements made in 1981 in stabilizing the economy, to continuously maintain a basic balance of the state revenue and expenditure and a basic stabilization of prices and to strive to improve economic results so as to improve the growth rate of the national economy over that of 1981.

The various specific tasks and major targets are arranged as follows:

1. Efforts should be made to achieve a better harvest in agriculture so as to bring about an all-round development in agriculture, forestry, animal husbandry, sideline production and fishery.

The 1982 agricultural output value target is 4 percent over 1981. The grain output target is 333.5 million dun, 8.5 million dun more than 1981 and an increase of 2.6 percent. Output of cotton and sugar bearing crops should continue to be higher than 1981. New progress is planned for forestry, animal husbandry, sideline production and fishery. In order to realize the above demands, efforts will be made to stabilize and improve various forms of responsibility systems for production to fire the enthusiasm of the peasants for production.

The policy of developing diversified undertakings according to local conditions will be implemented more effectively. Grain production will be grasped firmly and not be slackened in the slightest degree; and the grain sown acreage will be stabilized and will not be reduced any more. Economic crops will be developed by primarily raising the unit-area and output and the sown acreage will be controlled. Effective experience of increasing production and advanced techniques in agricultural production will be popularized in earnest and efforts will be made to improve agricultural productivity and economic results. Active steps will be taken to develop forestry, to launch the all-people obligatory tree-planting movement, to protect the forest resources, to control the loss of water and soil and to pay attention to the ecological balance. This must be carried on persistently as a long-term strategic task.

2. Continue expansion of light industry at a relatively faster speed to continue readjustment of the service orientation of heavy industry.

The 1982 light industrial output value is 7 percent over 1981 and the heavy industrial output value is to increase 1 percent. The total industrial output value is to increase by 4 percent and efforts will be made to surpass this figure. The output target for yarn is 3.24 million dun, a 3.4 percent increase over 1981; the output target for sugar is 3.2 million dun, an increase of 6.7 percent; a big increase is expected in the output of durable consumer goods including bicycles, sewing machines and wristwatches. The coal target is 625 million dun, 345 million dun of which is controlled by the state, representing a 3.9 percent increase over 1981; the oil output will be 100 million dun, the same production level as 1981; the electricity output is set for 313 billion kilowatts, an increase of 2.6 percent. To reduce the pressure of energy resources, efforts will be made to improve the quality of steel and steel products, which are in short supply. The steel output target will be 34 million dun or 4 percent less than 1981.

Improvement of economic performance will be given prime importance as the basis for a feasible growth rate free of "padding." Economic results require primarily that the products manufactured meet the needs of society. Steps will be taken to improve quality and increase variety, to take note of the marketability of products and to resolutely prevent and correct the erroneous way of doing things in disregard of the needs of society and by going one-sidedly after output value. Efforts will be made to improve market forecasting so as to understand, in a timely manner, the changes in the needs of society and the trends for guiding production and circulation of goods. Special attention will be paid to understanding the change and demands in the vast rural market at present and to provide more and more consumer goods and the means of production in keeping with the needs of the peasants. To improve economic results, it is also necessary to conserve both labor energy and raw material consumption by all means and to produce more products to meet the needs of society by consuming less energy and raw materials whenever possible so as to markedly improve economic results in industrial production as a whole. Nationally speaking, the 1982 energy consumption will reduce by 3 percent, the production cost of enterprises will be reduced from 2 to 3 percent; the quality of products and labor productivity will be raised and tax and profit delivery to the state will be relatively larger than 1981.

In transport, the 1982 railway freight volume is set at 1.44 billion dun, an increase of 1 percent over 1981. Efforts should be made to ease congestion in the busy railway sections and to increase the handling capacity of key harbors. Attention should be paid to developing the role of water transport, highways and roads. Efforts should be made to develop posts and telecommunications.

3. Efforts will be made to maintain a basic balance of revenue and expenditure by increasing income and reducing expenditure.

Total revenue for 1982 under the state plan is 110.45 billion yuan, and total expenditure is 113.45 billion yuan (including external loans). This will result in a deficit of 3 billion yuan. Economic results must be improved to increase state revenue, in order to reduce the deficit to a minimum and maintain a basic balance of state revenue and expenditure. At the same time, appropriations for capital construction are to be controlled and expenditure reduced as much as possible. Appropriate increases in expenditure for national defense, science and culture have been made.

In the new situation, after the initial transformation of the economic system, the banks will be made to play their role of raising funds and putting them to good use. Various measures should be adopted to increase urban and rural savings deposits, and efforts should be made to pool funds, scattered throughout society, for use in support of needed national construction. At the same time, when extending loans, the banks must strictly adhere to currency circulation and credit targets fixed by the state plan. The raising of funds for construction by various areas and departments should be handled through banks, in accordance with the regulations of the State Council, and should also be included in the state plan in order to maintain a basic balance between credit, revenue and expenditure.

4. The scope of capital construction will be controlled and investment arranged rationally.

Total investment for capital construction in 1982 is set at 38 billion yuan, and funds for renewing and transforming industrial enterprises are to be around 25 billion yuan. Total investment for fixed assets for these 2 items is 63 billion yuan.

Of the total capital construction investment under the 1982 state plan, investment directly arranged within the state budget is set at 18.63 billion yuan, and that raised by departments, localities and enterprises themselves will be 8.1 billion yuan. Because there will be a financial deficit in 1982 and there is still imbalance between timber, cement and other materials, the total investment for capital construction will not be increased in the state plan. In the course of implementing the state plan, it can be appropriately and systematically increased in the second half of this year with the approval of the State Council, provided it is financially and materially possible. A big achievement in readjusting the economy last year was the curtailment of the scope of capital construction. As the situation has improved a little, it is necessary to properly expand the scope of capital construction.

Investment for capital construction should be used mainly for continuing the construction of projects under construction. New projects must be strictly controlled. Investment within the state budget should be used mainly for transportation and communications, energy and other basic construction. In transport construction, the emphasis should be placed on raising the capacity of transporting coal from Shanxi to other areas. Funds raised by localities, departments and enterprises should be used as much as possible for the construction of other projects. Regarding projects to be built with self-raised funds and bank loans, the planning departments should cooperate with departments concerned to achieve an overall balance between financial and material resources and to provide guidance, so that what is urgently needed by the state will be built first. Efforts should be continued to boost economic and cultural development in the border areas and in national minority areas.

The transformation and renewal of enterprises will be carried out by relying mainly on enterprise funds and on bank loans. Enterprises should spend a higher percentage of their own funds on technical transformation and equipment renewal. The present percentage in most enterprises is about 20 to 30 percent. This should be raised to about 30 to 40 percent in 1982 and should be gradually raised further in the future.

The planning departments at all levels will from now on control and plan overall the investment for fixed assets, and will be responsible for their rational use to prevent enterprises from carrying out blind construction without good planning.

5. Efforts will be made to strike a balance between market supply and demand, maintain basic stabilization of prices and expand foreign trade.

The 1982 purchasing power of society as a whole is set at 244 billion yuan, 8 percent more than 1981; the supply of commodities is set at 238 billion yuan, about 6 billion yuan less than the purchasing power.

In order to narrow this gap and strike a balance between market supply and demand, production of readily marketable goods must be increased in the course of implementing the state plan, in addition to using part of the inventory to increase the supply of goods to the market. At the same time, increase in the purchasing power of society must be properly controlled. New regulations governing bonuses and other subsidies for staff members and workers must be established, and earnest efforts must be made to stop the practice of handing out bonuses indiscriminately or in a disguised manner. Enterprises must adhere to state regulations governing the amount of profits they are authorized to retain and the percentage of profits and losses under their contractual responsibility. Those who retain profits in excess of the limit set by the regulation must be rectified. Profits retained by enterprises according to the regulations should be used to develop production and necessary welfare facilities for staff members and workers. Individual distribution should not exceed the limit. This year, the purchasing price for agricultural products will not be raised; state purchasing quotas must be fulfilled without fail and must not be lowered at will; the scope and limit for overfulfilling the purchasing quota by increasing prices and negotiating prices must strictly adhere to state regulations. Excessive subsidies in the price of a particular product should be properly readjusted. Continued control should be imposed on the purchasing power of various organizations in society.

The Ministry of Commerce should strive to do a good job in buying and selling commodities, reducing circulation links, accelerating commodity circulation, improving service attitudes and raising the quality of service. At the same time, it must have a good grasp of market demands and changes in consumption. Thus it can assist production departments in readjusting the product mix and produce readily marketable products.

It is necessary to continue to strengthen the control of the market and prices. To raise prices arbitrarily or in disguised forms is strictly prohibited. It is necessary to crack down on speculation, smuggling and tax evasion in order to maintain the basic stability of the market and prices. State commercial establishments as well as cooperative commercial establishments should both play a role of keeping prices from rising.

The total volume of foreign trade will show a further increase. The growth of the export trade will be somewhat restricted, as some commodities will have to first satisfy domestic needs. However, the import of materials and commodities must be increased to promote domestic production and construction. Thus, this will give rise to a deficit in foreign trade. Efforts should be made to increase export remittances and to reduce the costs involved in exchanging remittances. It is necessary to strictly control imports, use our foreign exchange economically and reduce losses. It is also necessary to make good use of foreign capital and import foreign technology suitable for China.

6. Scientific and technological research will be strengthened and cultural, educational and health work will expand.

The more than 400 projects listed in the 1982 national plan for scientific and technological growth include development of new products, pilot experiments, major scientific research projects and industrial experiments. Scientific and technological personnel should be organized to tackle urgent key problems in technical transformation and production. Scientific results should be actively popularized to promote economic development.

It is necessary to further consolidate and improve the existing schools of higher learning and speed up the structural reform of secondary education. We should actively develop correspondence, sparetime, television and day universities in order to educate more people for our country. In 1982, various ordinary schools of higher learning plan to enroll 300,000 students, an increase of 25,000 over 1981.

We should extensively promote the patriotic health campaign, strive to raise the quality of medical care, strengthen disease prevention and medical treatment work and increase hospital beds for departments of gynecology, obstetrics and pediatrics and certain diseases which need special treatment and beds.

It is necessary to promote the creation of literary and art works and develop movies, television, publication and news work in a planned manner. We should continue to develop mass sport activities and strengthen the building of sports teams.

7. We should make efforts to ensure the stability of people's life and continue to improve the people's living conditions on what has already been achieved in promoting production.

We should firmly control population growth. In the light of the present new situation of the rise in the natural growth rate, we must adopt effective measures and pay close attention to family planning work.

We should continue to carry out appropriate plans for the urban unemployed and help them find jobs. In 1982, the state plans to provide employment for 5.6 million people mainly through developing collective enterprises and individual economy in cities and towns.

We will continue to adjust the wages for staff members and workers of various state organizations and scientific, cultural, educational and health departments which have no bonus system.

We should make efforts to increase agricultural production and reduce production costs so that the peasants' income may continue to increase.

We should further improve housing condition for urban residents and make greater efforts to provide building materials for the countryside.

We should also pay attention to doing a good job in environmental protection, reducing pollution caused by the "three wastes," strengthening labor protection and ensuring safety in production.

The aforementioned production targets were drawn up in November last year on the basis of the estimation on the implementation of the 1981 economic plan. The actual results of the implementation of the 1981 economic plan differed somewhat from the estimate. Production targets were overfulfilled in many fields and only certain targets were not fulfilled. We have already entered the second quarter of 1982. It is not necessary, and is also impossible, to make an overall adjustment in this year's economic plan. In implementing various plans, efforts should be made to overfulfill production quotas of those items which are actually needed by society if conditions permit. As for those items where supply has exceeded demand, it is imperative that production must strictly follow quotas set by the production plans and they must not be overproduced.

III We Should Heighten Our Spirit, Do Our Work Well and Fulfill or Overfulfill the 1982 Production Plan

More than 3 months of this year have passed. Judging from the situation of the first quarter, we can see that the general trend of the development of the national economy is quite good. The total industrial output value was 129.3 billion yuan in the first quarter, accounting for 24.2 percent of the annual plan and showing an increase of 11.6 percent over the same period in 1981. Output of light industrial products increased by 14.6 percent and that of heavy industrial products maintained the good trend of the last quarter of 1981, with an increase of 8.5 percent over the same period last year. The output of chemical products, construction materials and some machinery products all exceeded that of the same period last year. The situation in coal production was particularly good. The output of coal of various state-administered mines increased by 10 percent over the same period last year. The various mines overfulfilled the first quarter's production quota by 3.25 million dun this year. The quality of many industrial products has been stable, or improved, and the rate of consumption of raw materials for a number of products has been reduced.

The total retail value of commodities sold in society reached 62.35 billion yuan, showing an increase of 8.8 percent over the same period in 1981. The situation in state revenue and expenditure was also relatively good. The main current problems include an increase in the stock of certain products which are in full or excessive supply, some difficulties in energy supply and transportation, the lowering of quality in certain products and the increase of consumption in the production of certain products. The total profit turned to the state by various state industrial enterprises during the first quarter was 8.8 billion yuan, showing an increase of 3.6 percent over the same period in 1981. However, it was much smaller than the rate of increase of production.

This situation shows that the major question now is not whether the growth rate set in the plan can be attained or not, but that close attention must be paid to economic results. The key to solving this question is to conscientiously implement the 10 principles put forward by Premier Zhao in his report on the work of the government to the Fourth Session of the Fifth NPC and to take effective measures to achieve better economic results in all fields. For this purpose, close attention should be paid to the following several things:

First, concentrate our efforts on the all-round consolidation and necessary restructuring of enterprises.

The State Council has pointed out that it is necessary to carry out a planned, all-round consolidation of existing enterprises in 2 or 3 years. This is an important measure needed to tap the potential of enterprises, to achieve better economic results and to increase financial revenues. The party Central Committee and the State Council have already laid down the clear objectives, requirements, principles and policies for enterprise consolidation. All departments and localities should make concrete arrangements for their conscientious implementation. This year we should first select for consolidation those key, medium and large enterprises with more problems but greater potential and which urgently need to be consolidated. In the course of consolidation, stress should be placed on staffing enterprise leading bodies with competent cadres; reforming the system of leadership; fixing the number of staff members and production quotas and training workers and staff members in rotation in a planned way; strengthening the basic work in enterprise management; and stepping up financial and accounting work in enterprises. Through consolidation, enterprises should be enabled to achieve far better economic results and take on a new look.

In connection with consolidation, it is also necessary to continue to do a good job in readjusting enterprises. This is an important way to achieve better economic results in industry as a whole and to rationally structure enterprises step by step. In readjusting enterprises this year, we should first close down or suspend the operation of a number of factories where the consumption of energy is too high, where economic results are very poor and where products are of very poor quality. This includes some county- and commune-run industries. At the same time, all departments should organize personnel to properly plan enterprise readjustment according to their trades in order to prepare for the further carrying out of this task in a planned way.

Second, carry out the updating of equipment and technical transformation in key enterprises.

On this basis of a successful enterprise consolidation and readjustment, efforts should be made to carry out the updating of equipment and technical transformation in enterprises as a major task. It is necessary to first transform several important products such as boilers, motor vehicles, transformers, water pumps and blowers, as well as some basic parts, with a view to saving energy. A good job should be done in carrying out technical transformation in a few key enterprises in order to gain experience and then to popularize this experience step by step. Enterprises should make their plans for the updating of equipment and technical transformation according to their needs and possibilities, and these plans should be carried out after being examined and approved by higher authorities so they will not be carried out all at once without regard for their priority.

All departments should make correct technical policies according to their trades. They should select a number of major scientific and technological achievements producing a marked effect for popularization. A better job should be done in introducing science and technology from laboratories to production, from military use only to both military and civilian use, from coastal areas to the interior and from foreign countries to our country in order to promote the development of production and construction. It is necessary to further implement the party's policy toward intellectuals and to give full play to the role of scientific research institutions and scientific researches in technical transformation.

Third, improve returns on investments.

An outstanding problem in our national economy now is long construction periods and high construction costs in capital construction. From this year on, vigorous efforts should be made to shorten construction periods, reduce building costs for projects and achieve actual results in this regard.

Continuous efforts should be made to check up on projects under construction. A reexamination should be made of these projects to redetermine the construction periods and the amounts of investment needed. Adequate investments and materials should be provided for the building of a number of selected key projects according to schedule, and a strict system of responsibility for completing projects on schedule should be instituted. The departments concerned should make concerted efforts to ensure the practice of this system. All construction projects, especially large ones, should as much as possible be built and put into operation by stages, and they should make a profit as early as possible. All projects that are not urgently needed, that have unreliable building conditions or that will not be able to be put into normal production after being completed should be resolutely stopped, and the investments and materials for them should be used for other purposes. Projects that should be wound up must be wound up as soon as possible and made available to the users, and they must not be prolonged indefinitely so some people can be prevented from "living on capital construction."

Full preconstruction preparations should be made for new projects, and they should not be started in haste.

It is necessary to further use the method of replacing financial allocations for capital construction projects by bank loans in order to impel construction units to strengthen their business accounting and improve their returns on investments. Departments should collect fees from construction units according to established standards, and irrational standards should be changed.

It is necessary to carry out reforms in designing, to improve design quality and lower irrationally high standards for design. Efforts should be made to strengthen construction discipline and improve construction efficiency.

Fourth, reduce circulating funds.

An important manifestation of backward economic management in our country is the existence of too many levels of management in the circulation of commodities, the overstocking of products and a slow fund turnover. If we do our work well and cut down 2 or 3 percent of the circulating funds, we will be able to save 7-10 billion yuan of funds. In connection with enterprise consolidation, we should reduce enterprises' circulating funds to a rational level step by step. From now on, the bank interest rate should be raised on the portion of circulating funds exceeding the level approved by the state. As for enterprises that use such a great amount of circulating funds as to be extremely irrational, banks should grant them no more loans. It is necessary to make an inventory of warehouses; some of the overstocked products that can be used or remade should be used or remade while others should be recorded as useless items.

In the past 2 years we have carried out some initial reforms in our economic system which have played a remarkable role in revitalizing the economy. However, these reforms have also brought some new problems to us. This calls for us to conscientiously sum up our experiences in this regard and take corresponding measures to solve these problems in order to continue these reforms in a healthy way.

An outstanding problem in the economic field now is that illegal and criminal activities such as smuggling, trading in smuggled goods, speculation, swindling, corruption and accepting bribes have become rampant in some areas and units since the policies of opening to the world and revitalizing the domestic economy were put into practice. Such illegal and criminal activities in the economic field have not only done serious damage to the socialist economy but have eroded the body of our party and poisoned the party's work style and the people's general mood. This is an important manifestation of class struggle in the economic field in our socialist society under new historical conditions. If no resolute struggle were carried out against such illegal and criminal activities, it would be impossible to ensure the sound development of our economy along the socialist road and to correctly and healthily implement the policies of opening to the world and revitalizing the domestic economy. After the 22d Session of the 5th NPC Standing Committee adopted the "resolution on severe punishment of criminals who do serious damage to the economy," the party Central Committee and the State Council recently made a "decision on the struggle against serious criminal activities in the economic field." All localities and departments must conscientiously implement the resolution and the decision and be determined to carry the struggle through to the end. While carrying out the struggle, we should establish or improve various rules and regulations and plug loopholes in connection with enterprise consolidation and the streamlining of the administrative structure so the struggle will give a powerful impetus to improving management and achieving better economic results.

Another problem in the economic field meriting our attention is that departmental egotism, decentralism and the trend of liberalization have developed. Failing to proceed from the overall interests of the state to observe and handle problems, some localities and units have not followed the unified state plan, have shifted their troubles onto others, have sought self-interest at public expense and have blindly carried out production and construction. This situation has weakened the unified state plan and interfered with and divided the unified socialist market. This must be corrected.

Ours is a socialist planned economy. In economic work we must uphold the principles of planned economy being the leading factor, of market regulation being supplementary and of coordinating all the activities of the nation as pieces in a chess game. While enlivening the economy, we must strengthen the guidance of the state plan, strive to improve our planning work, uphold the solemnity of the state plan and push forward all work in specific management and economic supervision. All departments, localities and enterprises should adopt an overall point of view and strive to fulfill their production tasks set in the state plan and their tasks of transferring funds or materials to higher levels. Under no pretext must they push the state plan aside, nor must they try to break away from the state plan or affect it in any way.

Sixth, all units in all fields should practice strict economy and oppose waste.

At present, various units in all fields have the problems of inadequate funds and supply of materials. However, we also see the existence of improper use and serious waste of state appropriated funds and supplies. The waste in industrial and agricultural production, circulation of commercial goods and capital construction is quite apparent. Waste also exists in scientific research, cultural, educational and health work and in the administrative work of various governmental offices, mass organizations and military units. When we examine various units closely, we can see that many expenditures have not obtained good economic results and some disbursements have been made without going through economic accounting. In order to fundamentally improve the financial and economic situation of our country, we must advocate careful calculation and strict budgeting in various fields. We must first manage well the available funds and materials and use them effectively. We must not let waste go unchecked while asking for money and materials from the state.

We should gradually establish a system of supervising and checking on the use of money and materials as well as an appropriate system of reward and punishment. The principle of building up our country through thrift and hard work and being industrious and thrifty in all our work is still an important principle to observe.

Seventh, we should strengthen ideological and political work in our economic work.

Strengthening ideological and political work and raising the people's ideological consciousness are important factors in building a socialist material civilization. If we do not heighten the people's revolutionary spirit, we cannot do our work well even if we have good material conditions and measures.

We should conduct ideological and political work in close coordination with our economic work. We should conduct ideological and political work with a well-defined objective in mind so as to really solve various problems. We should educate the people to adhere to the four basic principles; correctly understand the relationship among the individual, the collective and the state; have a correct attitude toward the fundamental guiding principle of "first, the people must have sufficient food; second, socialist construction must be carried out;" correctly deal with the relationship between the immediate interest and all long-range interests; establish an overall point of view that considers the whole situation; and work with concerted efforts to actively promote the development of the national economy.

At present, it is necessary to extensively conduct education on the economic situation in a vivid manner. We should use facts and figures to explain the excellent situation of economic development in our country and the efforts made by the state to improve the people's living conditions over the past 3 years. We should guide the masses to fully understand the condition of our country and further foster the thinking of building up our country through thrift, hard work and arduous struggle. The leading cadres at various levels should improve their style of work, overcome bureaucratism, set good examples for others and take the lead in restoring and carrying forward the fine tradition of sharing the comforts and hardships of the masses.

As long as we do a good job in conducting ideological and political work and implementing various specific economic and technical measures, we can certainly fulfill or exceed the various tasks set in the 1982 economic plan.

Members of the NPC Standing Committee: There are still many problems in our country's production and construction and some difficulties in national finance. In the final analysis, those problems and difficulties are caused by low economic results in production, construction, circulation and other fields. Therefore, the fundamental way to overcome those difficulties is to find our ways and means to raise economic results. This is the basic starting point for all economic activities and also a core issue in following a new economic construction road. Following a new economic construction road has placed a new demand on our planning, economic and other work. We should not only greatly change our guiding principle but also center all our work on increasing economic results. As long as we can truly increase economic results, after several years of hard work we will certainly improve our financial and economic situation in a fundamental way and provide necessary conditions for the healthy development of the national economy in the period of the seventh 5-year plan.

The above report is for your examination and approval.

Note 1: The total value of agricultural products in 1981 should be 231.2 billion yuan in 1980's constant yuan value.

Note 2: The total value of industrial products in 1981 should be 517.8 billion yuan in 1980's constant yuan value.

RENMIN RIBAO ON MIDDLE-AGED, YOUNG CADRES

Commentator's Article

HK080820 Beijing RENMIN RIBAO in Chinese 8 May 82 p 1

[Commentator's article: "Our Hopes in Middle-Aged and Young Cadres Who Are Taking Up Leadership Posts"]

[Text] Progress in reforming the central organs has been very rapid. The work of organizing and building the structure of the State Council ministries and commissions is now complete, and the new leading members have been decided on. The staffing of the new leadership groups in the CCP Central Committee departments is also basically complete. Large numbers of outstanding middle-aged and young cadres have been promoted to leadership posts at the levels of ministries and commissions and of sections and bureaus. As a result the leadership groups at these two levels have taken a gratifying step forward toward a lower average age and greater knowledge and professionalism. People can see from this that our party and state indeed possess a tremendous store of talent and that there are successors and great prospects for our socialist cause.

The close unity of long-tested old cadres and vigorous middle-aged and young cadres and their formation into strong and effective cores of leadership in the various departments constitute a major guarantee for maintaining the continuity and stability of the correct leadership of the party and government. The party and people welcome outstanding middle-aged and young cadres to shoulder the heavy burden of carrying forward the cause and forging ahead into the future at their various posts, and have earnest hopes in them. We too put forward some hopes to these comrades as we warmly congratulate them.

First, we hope that they will not accept flattery. The first thing a cadre encounters on promotion is that certain people come forward to flatter him, praise him to the skies and carry his sedan chair. This sort of activity still has a considerable market in our country; there is a type of person who is not the least interested in providing timely help but is extremely enthusiastic about making perfection still more perfect. Middle-aged and young cadres taking up leadership posts must keep clear heads and shun flattery. Comrade Deng Yingchao has put it well: Don't feel very pleased with yourself or get dizzy when someone heaps praises on you; how can he carry the sedan chair if you do not get into it when he brings it? The key to the problem lies in whether we should travel in sedan chairs. Actually, it is important to know one's limitations. One newly-appointed minister declared, he feels that he is very far from meeting the demands of his job in ideological level work ability, knowledge and experience. Hence it is necessary for him to study assiduously, to study the party's principles and policies, economic management, and scientific knowledge, and rely on collective leadership, on old cadres who have retired from the first line, and on the cadres, experts and masses to fulfill the tasks assigned by the party and state. This humble and prudent attitude is praiseworthy. We believe that the middle-aged and young cadres will all have this feeling -- that their burdens are not light and their tasks arduous -- and will not fall into blindness because of the flattery of certain people.

Second, we hope that they will stick to principles and will not practice favoritism. When a cadre is promoted, certain relatives and friends will come along to seek his help in solving this or that problem. There are still many unhealthy trends in the party and in society, and phenomena such as striking up illicit relationships and going in by the back door are very common. We have only the obligation to wholeheartedly seek the interests of the broad masses, and we certainly do not have the right to use our powers to pursue our own interests or that of small cliques. We must therefore stick to principles and avoid practicing favoritism; we must tell the truth and avoid stressing face. Unreasonable and illegal demands from our relatives, friends, fellow townsmen or students, old commanders or their sons and daughters must be sternly refused or be put off by gentle persuasion. In short, they must be resisted.

Some people say that it is fairly easy to deal with one's relatives and difficult to avoid "human feelings." There is some truth in that. However, leading cadres can only act according to principles and certainly cannot sacrifice those principles for the sake of human feelings. This has a bearing not only on the prestige of the leaders but also on what kind of atmosphere is built in the units and departments for which they are responsible. It is particularly important not to practice favoritism now, when we are launching the struggle to hit at criminal activities in the economic field.

Third, we hope they will boldly shoulder heavy burdens, carry out more investigations, and work hard to improve their proficiency. They have been selected and promoted amid this revolution of far-reaching significance, the reform of the administrative structure. The fundamental aim of this reform is to oppose bureaucratism and improve work efficiency. They should be fully imbued with this revolutionary spirit. They must be bold to lift their burdens and open up new prospects in work. This first requires that they brace their spirits, work with boldness and possess drive and pioneering zeal. At the same time it requires that they expend a lot of energy and effort in carrying out investigation and study. In many respects there is too much generalized leadership and old convention, and this is precisely because not enough investigation and study has been done. Reviewing our work of recent years, we find that the opening up of new prospects and the gaining of outstanding success were all the result of the principles and policies advanced and the specific measures taken conforming to reality; and the failure to open up new prospects in certain aspects resulted from failure to get an accurate picture of the situation and the truth of the matter. Therefore, in order to open up new prospects in work we must get a firm grasp of the key points and truly carry out an investigation to clarify some issues. At present there are many new problems to be solved in agriculture, industry, finance and trade, and communications, and also in economics, political and legal work, culture and education and so on, and we cannot gain real knowledge and deep insight without conducting deepgoing investigation and study. The majority of the middle-aged and young cadres possess relatively good specialized knowledge and a certain amount of practical experience. However, nobody in the face of new situations and problems can say that his knowledge and experience are fully sufficient. We must work hard to improve our proficiency, study assiduously, and continually improve our standard of leadership.

The hopes of the party and the people in the new leadership groups are very high following the reform of the administrative structure. For the middle-aged and young cadres taking up leadership posts, the tasks are heavy and the road long. We must show by our practical deeds that we are worthy of the heavy commission placed on us by the party and people. Comrade Hu Yaobang said this not long ago: "Our posterity will come up with a certain evaluation of how we have performed, after a number of years, say after 20 years. I think there are three possible evaluations: 1) affirming that we are firm and clear-headed people who get things done; 2) saying that we are bumbling mediocrities; 3) saying that we are stupid rotten fatheads." The middle-aged and young cadres taking up leadership posts today will of course also be tested in the same way, that is, they will be evaluated by those who come after. We believe that under the correct leadership of the Central Committee the middle-aged and young cadres will work conscientiously and hard, study with humility, constantly keep close ties with the masses, and turn into people who get a lot done!

'Ideological Comments'

HK080734 Beijing RENMIN RIBAO in Chinese 4 May 82 p 6

["Ideological Comments" column by Liu Gewen [0491 7245 2429]: "Several Questions of Cognition on Selecting and Promoting Middle-Aged and Young Cadres"]

[Text] Selecting and promoting large numbers of middle-aged and young cadres and properly carrying out the replacement of old cadres with younger ones are the current issues which our party must immediately start settling. If we fail to settle these issues, it will be hard to keep up our cause, and the four modernizations drive will not proceed smoothly.

However, the party has not reached unanimity of views on the issues. Some comrades invariably hold that it seems conditions are not ripe for selecting and promoting large numbers of middle-aged and young cadres to leading posts at all levels under the present circumstances. Some people have the feeling that although there is a need for selecting and promoting middle-aged and young cadres, it will be very difficult to make everybody happy if we actually select and promote such cadres. Some comrades are anxious about whether middle-aged and young cadres holding leading posts are capable of exercising control over their subordinates. Some other comrades have these misgivings: If the selected middle-aged and young cadres have been proved through practice to be incompetent and if they cannot be demoted after receiving a promotion, what is to be done? It is necessary to reach a common understanding on all these things.

In fact, only the needs and the possibility of attainment determine whether the conditions are ripe. The revolutionary cause urgently requires that large numbers of middle-aged and young cadres gradually and successfully take over from old cadres. There is no doubt about this point. At present, the question is this: Is it possible to meet this requirement? Our answer should be in the affirmative. After making fruitful efforts since the third plenary session, the party has fulfilled the task of bringing order out of chaos in the field of guiding ideology, the party's ideological, political and organizational conditions have been greatly improved, and the political situation of stability and unity has been greatly consolidated, thus providing us with good conditions for carrying out the replacement of old cadres by younger ones. At the same time, we can also see that as a result of the work and struggle carried out and waged since the founding of the PRC more than 30 years ago, a number of middle-aged and young cadres who have both ability and political integrity are mature or are maturing. They have been tempered and have experienced trials and tribulations. They are politically strong, have relatively rich professional knowledge, are quite capable of exercising leadership and are very energetic in carrying out work. They are fully qualified to hold various types of leading posts for promoting the continuous development of our socialist construction cause.

By the "difficulty in making everybody happy" they simply mean that in selecting and promoting middle-aged and young cadres, owing to the fact that some comrades are similar to one another in political quality, ideological standard, working ability, qualifications, record of service and age, selecting one of them is liable to cause some contradictions.

Of course this kind of situation does exist. However, in selecting and promoting cadres, we must not promote egalitarianism. In some people's opinion, with regard to people of the same generation, uniformity must be sought regardless of real conditions. According to them, if there is an opportunity for receiving promotion, people of the same generation must be promoted together; otherwise, none of them should be promoted. It seems to them that only by doing so can one "make everybody happy." It is quite evident that this kind of understanding does not conform to the law of the development of objective things, nor does it take into consideration the needs of the development of the revolutionary cause. The development of things is uneven. Among people of the same generation, there will always be some outstanding people. We should select and promote such outstanding people and allow them to shoulder leadership responsibility. Among people of the same generation, there are both superiors and subordinates; and there are cases of people of the younger generation leading people of the older generation. These things are unavoidable at any time. Every comrade should be pleased to see that a number of outstanding comrades have been promoted to leading positions. This is because their promotions show that there is no lack of successors to carry on our revolutionary cause and that our younger generation is full of promise and is able to develop its ability to the full. Understanding this point and warmly and sincerely supporting work carried out by new leaders are precisely the expressions of a high level of political consciousness. Of course, among those middle-aged and young comrades who have been selected and promoted to leading posts, some may have this or that kind of shortcoming or insufficiency. There is no need to make a fuss about these perfectly normal things. "No gold is pure and no man is perfect." We must not be overcritical.

What counts here is taking the whole situation into account and treasuring the interests of the revolutionary cause. If this question is settled, it will be easy to dispel the opinion on the so-called "difficulty in making everybody happy."

It is not utterly unjustifiable to be anxious about whether middle-aged and young cadres holding leading posts are capable of exercising control over their subordinates. For various reasons, there are always middle-aged and young cadres at newly appointed leading posts failing temporarily to exercise control over their subordinates. Here there can be two situations: One is that these comrades who have just been appointed to leading posts have not familiarized themselves with the conditions and their jobs and also have not established their prestige among the masses; second is that a few people still have some doubts and misgivings which unavoidably create problems for these comrades. The key to the settlement of the question of failing to exercise control over subordinates lies primarily in these comrades' own practice. This means that they must use their achievements in work and their good work style to dispel some people's doubts and misgivings and to gradually establish their prestige among the masses. At the same time, old comrades are also needed to assist these comrades in exercising control over subordinates. Old comrades should assist these comrades in knowing the conditions well and in promoting work as quickly as possible. Old comrades should also do some ideological work and assist people in adopting a correct attitude toward newly promoted cadres. Both old comrades at their posts and old comrades who have withdrawn to the second line should regard these tasks as their sacred duty.

In selecting and promoting middle-aged and young cadres, we should adopt a serious and prudent attitude, solicit people's opinions from all sides and try in every possible way to correctly select and promote good ones. However, due to the influence of both subjective and objective factors, some comrades at leading posts have been proved through practice to be incompetent and some of them have even been proved through practice to be completely erroneously selected. These conditions are rather unavoidable. However unavoidable the conditions, there is nothing to be afraid of. To exercise better leadership over our socialist construction cause, we have already started and will continue implementing a series of measures for reforming our cadre system. Such measures include checking on cadres, rewarding and punishing cadres, supervising cadres, appointing and removing cadres, abolishing the system of lifelong tenure for leading cadres, and fixing the term of office for leading cadres. All these measures are aimed at guaranteeing that our leading groups at all levels are composed of outstanding and competent cadres. These measures will change the irrational situation in which leading cadres will forever be leading cadres who cannot be demoted. We should try in every possible way to correctly select and promote cadres. However, when we discover that we have erroneously selected and promoted some cadres, we may promptly dismiss such incompetent cadres from their leading posts through proper channels in order to avoid adversely affecting our work.

With the development of our revolutionary cause, we must make unceasing efforts to select and promote middle-aged and young cadres. Every comrade should carefully consider adopting a proper attitude toward this question. Comrade Hu Yaobang said as early as 1956: "Our old comrades should have this awareness: People should always rely on young people to get things done. This principle may not be very clear at present. It will be very clear in 10 to 20 years time. It may take only 20 years for some Young Pioneers to be in charge of some relatively important work. One should not take offense. There is no need to do so because we have fulfilled our historical tasks and entered our new stage -- the stage of old age. If we understand this point, we can be called enlightened people. We must train young people to know the way to respect venerable elders. However, old people should also understand the way to take good care of young people... This is not a personal question. Understanding this point may be described as a kind of awareness. It is a socialist awareness." ("Be a Bugle Call and the Mouthpiece of Battle") Although these words were uttered more than 20 years ago, reading them today is still of benefit to us. If we can say that this demand set on old comrades more than 20 years ago was not an excessive one, our present stress on this point appears to be more realistic and necessary. We really know without a doubt that our vast numbers of old cadres have this kind of consciousness.

RENMIN RIBAO CITES LENIN, MAO ON CORRUPTION

HK100540 Beijing RENMIN RIBAO in Chinese 7 May 82 p 2

[Report: "Some Expositions of Lenin and Comrade Mao Zedong on Opposing the Moral Corruption and Degeneration of Communist Party Members" -- capitalized passages published in boldface]

[Text] Editor's note: The "decision of the CCP Central Committee and the State Council on struggle against criminal activities in the economic field" pointed out that "cadres of our party, especially middle-ranking and senior cadres, should all restudy relevant expositions by Lenin and Comrade Mao Zedong, seriously and firmly maintain our party's character as the vanguard of the working class, and maintain the complete integrity of Communist Party members. The ideological level and political consciousness of Communist Party members should never be allowed to slip, let alone permit communists to become corrupt and degenerated." To coordinate the study by comrades of the whole party, we have selected and compiled "some expositions of Lenin and Comrade Mao Zedong opposing the moral corruption and degeneration of Communist Party members."

The expositions by Lenin were mainly selected from his works during the period when the Soviet Union was pursuing its new economic policies; while those by Mao Zedong were selected mainly from his work shortly before and after the founding of the PRC. The circumstances we are now in are quite different from those of the Soviet Union at that time and are also different from those of our country then. But, all the basic principles and sentiments contained in their expositions are entirely applicable today. In other words, no matter what social and economic policies are pursued and whatever conditions we are in, communists must always uphold the proletarian stand, maintain communist purity and never permit corruption or moral laxity. Restudying these expositions will help us, under the new historical conditions, to maintain our equilibrium, to truly "resist corruption and to always refrain from being contaminated," to serve the people wholeheartedly and strive for communism all of one's life. [end editor's note]

UPHOLDING THE PRINCIPLE OF THE PROLETARIAN POLITICAL PARTIES

To preserve the ideological and political independence of the party of the proletariat is the constant, immutable and absolute duty of socialists. Whoever fails to fulfill this duty, IN FACT, ceases to be a socialist, however sincere his "socialist" (verbal socialist) convictions may be. ("Socialist Political Party and Nonparty Revolutionism," "Complete Works of Lenin" vol 10, p 60)

The great work of uniting and consolidating the fighting army of the revolutionary proletariat cannot be carried out unless a line of demarcation is drawn and ruthless struggle is waged against those who serve to spread bourgeois influence among the proletariat. ("Resolution Adopted by the Second Paris Group of the R.S.D.L.P. on the State of Affairs in the Party," "Complete Works of Lenin," vol 17, p 205)

And when we changed our economic policy, the danger became still greater, because, consisting as it does of a vast number of economic, workday trifles, which one usually becomes accustomed to and fails to be aware of, economics calls for special attention and effort and more peremptorily demands that we learn the proper methods of overcoming this danger. The restoration of capitalism, the development of the bourgeoisie, the development of bourgeois relations in the sphere of trade, and so on -- this constitutes the danger that is peculiar to our present period of economic development, to our present gradual approach to the solution of problems that are far more difficult than previous problems have been. There must not be the slightest misunderstanding about this. ("Seventh Moscow Gubernia Conference of the Russian Communist Party," "Complete Works of Lenin" vol 33, pp 76-77)

We should admit that some Communist Party members are not useful at all, because they do not realize that their task is to restrict, prohibit, control and crack, then and there, those who commit crimes and severely deal with ANY CAPITALISM WHICH GOES BEYOND THE SCOPE OF THE STATE CAPITALISM (THE STATE MENTIONED HERE REFERS TO OUR UNDERSTANDING OF THE CONCEPT AND TASK OF THE STATE). (Lenin: "On the Tasks of the Judicial People's Committee Under the New Economic Policy," 20 February 1922)

A communist should have largeness of mind and he should be staunch and active, looking upon the interests of the revolution as his very life and subordinating his personal interests to those of the revolution; always and everywhere he should adhere to principle and wage a tireless struggle against all incorrect ideas and actions, so as to consolidate the collective life of the party and strengthen the ties between the party and the masses; he should be more concerned about the party and the masses than about any individual, and more concerned about others than about himself. Only thus can he be considered a communist. ("Combat Liberalism" 7 September 1937, "Selected Works of Mao Zedong," vol 2, p 332)

COMMUNIST PARTY MEMBERS SHOULD SERVE THE PEOPLE WHOLEHEARTEDLY

At no time and in under no circumstance should a communist place his personal interests first; he should subordinate them to the interests of the nation and of the masses. Hence, selfishness, slackness, corruption, seeking the limelight and so on, are most contemptible, while selflessness, working with all one's energy, wholehearted devotion to public duty, and quiet hard work will command respect. ("The Role of the Chinese Communist Party in the National War," *ibid*, vol 2, p 488)

Through rectification we must strive to carry forward our party's tradition of plain living and hard struggle. Since our victory in the revolution, the revolutionary will of some of our comrades has been waning, their revolutionary enthusiasm has been ebbing, their spirit of wholehearted service to the people has been flagging, and so has the death-defying spirit they displayed in the days of fighting against our enemies; at the same time, they are clamoring for position and for the limelight, becoming particular about what they eat and wear, competing for salary and scrambling for fame and gain -- all these tendencies are growing.... A communist is supposed to work hard and to serve the people with his whole heart, not with half or two-thirds of it. Those whose revolutionary will has been waning should have their spirits revived through rectification. ("Persevere in Plain Living and Hard Struggle, Maintain Close Ties With the Masses," *ibid*, vol 5, pp 419-420)

We should maintain the same vigor, the same revolutionary enthusiasm and the same death-defying spirit we displayed in the years of the revolutionary war and carry our revolutionary work through to the end.... Some comrades are lacking in this enthusiasm and spirit and have stopped making progress. This is not a wholesome phenomenon, and education should be conducted among them. ("Persevere in Plain Living and Hard Struggle, Maintain Close Ties With the Masses," *ibid*, vol 5 pp 420-421)

USING COMMUNIST IDEAS TO RESIST THE CORROSION OF CAPITALIST IDEAS

We shall obtain tremendous economic gains from concessions. Of course, when their dwelling areas are created they will bring capitalist customs along with them and they will corrupt the peasantry. We must be on the alert and exercise our communist counterinfluence at every step. This too is a kind of war, a duel between two methods, two political and economic systems -- the communist and the capitalist. We shall prove that we are the stronger. ("Speech Delivered at a Meeting of Activists of the Moscow Organization of the R.C.P.(B), 6 December 1920," "Collected Works of Lenin," vol 31, p 416)

We must not forget for a moment that the bourgeois and petit bourgeois element is fighting against the Soviet system in two ways; on the one hand, it is operating from without...on the other hand, this element operates from within and takes advantage of every manifestation of disintegration, of every weakness, in order to bribe, to increase indiscipline, laxity and chaos. ("The Immediate Tasks of the Soviet Government," "Collected Works of Lenin," vol 27, p 243)

We know perfectly well that the economic basis of profiteering is both the same proprietors, who are exceptionally widespread in Russia, and private capitalism, of which every member of the petit bourgeois is an agent. We know that the million tentacles of this petit bourgeois octopus time and again encircle various sections of the workers and that, instead of state monopoly, profiteering forces its way into every pore of our social and economic organism. ("The Tax in Kind," "Collected Works of Lenin," vol 32, p 322)

We must firmly reject and criticize all the decadent bourgeois systems, ideologies and ways of life of foreign countries. But this should in no way prevent us from learning the advanced sciences and technologies of capitalist countries and whatever is scientific in the management of their enterprises. In the developed industrial countries they run their enterprises with fewer people and greater efficiency and they know how to do business. All this should be learned well in accordance with our own principles in order to improve our work.... Neither the indiscriminate rejection of everything foreign, whether scientific, technological or cultural, nor the indiscriminate imitation of everything foreign as noted above, has anything in common with the Marxist attitude, and neither in any way benefits our cause. ("On the Ten Major Relationships," 25 April 1956, "Selected Works of Mao Zedong," vol 5, p 287)

In the past China was a colonial and semicolonial country, not an imperialist power, and was always bullied by others. Its industry and agriculture are not developed and its scientific and technological level is low, and except for its vast territory, rich resources, large population, long history, the "Dream of the Red Chamber" in literature, and so on, China is inferior to other countries in many respects, and so has no reason to feel conceited. However, there are people who, having been slaves too long, feel inferior in everything and don't stand up straight in the presence of foreigners. They are just like Chia Kuei in the opera the "Famen Temple" who, when asked to take a seat, refuses to do so, giving the excuse that he is used to standing in attendance. Here we need to arouse ourselves, enhance our national confidence and encourage the spirit typified by "scorn U.S. imperialism," which was fostered during the movement to resist U.S. aggression and aid Korea. ("On the Ten Major Relationships," "Selected Works of Mao Zedong" vol 5, p 287)

Scrupulously and resolutely preserving the communist purity of party members, and protecting the useful part of the capitalist sector of the socialist economy to enable it to develop appropriately, are both indispensable tasks for us in the period of resisting Japan and building a democratic republic. In this period it is possible that some communists may be corrupted by the bourgeoisie and that capitalist ideas may emerge among members of the party, and we must fight against these decadent ideas. However, we should not mistakenly carry over the struggle against capitalist ideas within the party to the field of social economy and oppose the capitalist sector of the economy. We must draw a clear line of demarcation between the two. ("Preface and Postscript to 'Rural Surveys'," 19 April 1941, "Selected Works of Mao Zedong," vol 3, p 751)

With victory, certain sentiments may grow within the party -- arrogance, the airs of a self-styled hero, inertia and unwillingness to make progress, love of pleasure and distaste for continued hard living. With victory, the people will be grateful to us and the bourgeoisie will come forward to flatter us. It has been proved that the enemy cannot conquer us by force of arms. However, the flattery of the bourgeoisie may conquer the weak-willed in our ranks. There may be some communists, who were not conquered by enemies with guns and were worthy of the name of heroes for standing up to these enemies, but who cannot withstand sugar-coated bullets; they will be defeated by sugar-coated bullets. We must guard against such a situation. Achieving nationwide victory is only the first step in the Long March of 10,000 li. Even if this step is worthy of pride, it is a comparatively tiny step; that which will be more worthy of pride is yet to come. After several decades, the victory of the Chinese people's democratic revolution, viewed in retrospect, will seem like only a brief prologue to a long drama. A drama begins with a prologue, but the prologue is not the climax. The Chinese revolution is great, but the road after the revolution will be longer and the work greater and more arduous.

This must now be made clear in the party. The comrades must be taught to remain modest, prudent and free from arrogance and rashness in their style of work. The comrades must be taught to preserve the style of plain living and hard struggle. We have the Marxist-Leninist weapon of criticism and self-criticism. We can get rid of a bad style and keep the good. We can learn what we do not know. We are not only good at destroying the old world, we are also good at building the new. Not only can the Chinese people live without begging alms from the imperialists, they will live a better life than that in the imperialist countries. ("Report to the Second Plenary Session of the Seventh CCP Central Committee," 5 March 1949, "Selected Works of Mao Zedong," vol 4, pp 1376-1377)

SEVERELY PUNISH ELEMENTS WHO ARE GUILTY OF CORRUPTION AND WHO VIOLATE LAW AND DISCIPLINE

The nature of the achievements of the revolution inevitably changes in conformity with the transition from the warfront to the economic front, the transition to the new economic policy, and the conditions that primarily demand higher productivity of labor, greater labor discipline. At such a time improvements at home are the major achievements of the revolution; a neither salient, striking, nor immediately perceptible improvement in labor, in its organization and results; and an improvement from the viewpoint of the fight against the influence of the petit bourgeois and petit bourgeois-anarchist element, which corrupts both the proletariat and the party. To achieve such an improvement, the party must be purged of those who have lost touch with the masses (let alone, of course, those who discredit the party in the eyes of the masses). ("Purging the Party," "Collected Works of Lenin," vol 33, p 20)

We need to have a good cleanup of the whole party, which will thoroughly uncover all cases of corruption, whether major, medium or minor, and aim the main blows at the most corrupt, while following the policy of educating and remolding the medium and minor embezzlers so that they will not relapse. Only thus can we check the grave danger of many party members being corroded by the bourgeoisie, put an end to a situation already foreseen at the second plenary session of the seventh Central Committee and carry out the principle of combating corrosion then laid down. Be sure to give this all your attention. ("On the Struggle Against the 'Three Evils' and the 'Five Evils,'" 30 November 1951, "Selected Works of Mao Zedong" vol 5, p 53)

Particular attention must be paid to the fact that the corrosion of cadres by the bourgeoisie results in serious cases of corruption. Be sure to detect, expose and punish those involved and to take this as a major struggle. ("On the Struggle Against the 'Three Evils' and the 'Five Evils,'" 30 November 1951, *ibid*, vol 5, p 53)

Party committees at all levels should make a determined effort to punish and clear out of party and government organizations those violators of law and discipline who are bitterly hated by the masses, and the worst among them should be executed so as to assuage the people's anger and help educate the cadres and the masses. ("Combat Bureaucracy, Commandism and Violation of Law and Discipline," 5 January 1953, "Selected Works of Mao Zedong," vol 5, p 53)

COMMUNIST PARTY MEMBERS SHOULD BE DEALT WITH IN ACCORDANCE WITH MORE SEVERE LAW AND DISCIPLINE

The court should inflict heavier punishment on Communist Party members (Lenin: "On the Mutual Relations Between the Party Organs of the Judicial and Reconnaissance Organs," 19 November 1921)

Is there any place which has discussed the DEMONSTRATION TRIALS for punishing those villains who abuse the new economic policies? The answer is no, because no such trial has been conducted. The People's Commissariat for Justice has "forgotten" that this is a matter which it should deal with. It has failed to grasp, supervise and consolidate the work of the people's courts and failed to teach them to RUTHLESSLY AND EXPEDITIOUSLY PUNISH (EVEN EXECUTION BY SHOOTING) those who abuse the new economic policies. This is exactly the duties of the People's Commissariat for Justice. It should be responsible for this. However, the People's Commissariat for Justice has not worked energetically in this respect, because it has not yet started this work.

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The educational significance of trials is great. Have we paid attention to this matter? Have we considered the actual results? No, we have not. However, this is fundamental in judicial work.

It is also fundamental that punishment meted out to Communist Party members should be three times heavier than that to nonparty persons. The People's Commissariat for Justice has also neglected this matter. (Lenin: "The Tasks of the People's Commissariat for Justice Under the Conditions of the New Economic Policies," 20 February 1922)

We should reiterate to all provincial party committees that those who have, even to the slightest extent, "influenced" the court so as to mitigate the offense of a Communist Party member will be EXPELLED FROM THE PARTY by the central authorities.

A general order should be issued to the People's Commissariat for Justice (to be transmitted to various provincial party committees) that courts should inflict HEAVIER PUNISHMENT on Communist Party members than nonparty persons.

Any people's judicial officers and members of the People's Commissariat for Justice who fail to implement the above stipulation will be DISMISSED FROM THEIR POSTS. (Lenin: "A Letter to the Politburo of the Central Committee of the Russian Communist Party (B)," 18 March 1922)

FORUM ON DECORUM, COURTESY MONTH HELD IN BEIJING

OW071007 Beijing XINHUA Domestic Service in Chinese 1206 GMT 5 May 82

[Text] Beijing, 5 May (XINHUA) -- To promote activities of the "five stresses and four beauties" to become deep and lasting in building socialist spiritual civilization is an important strategic task during the new historical period, and party committees at various levels must include this task as a top agenda item and pay keen attention to leading and promoting the activities systematically down to the grassroots level. This was the central theme at the forum held in the capital to sum up the "all-people decorum and courtesy month" activities. The forum, which was held 26 April-4 May, was called by the CCP Central Committee's Propaganda Department and the CYL Central Committee in accordance with the instructions of the party Central Committee.

Wang Zhen, Wan Li, Xi Zhongxun, Wang Renzhong, Bo Yibo and other leading comrades met with and talked to all participating comrades on the morning of 4 May.

During the forum, Deng Liqun, director of the party Central Committee's Propaganda Department relayed central leading comrades' suggestions on the building of spiritual civilization and other work related to party building, thus enabling all participants to penetratingly understand that doing a successful job in building spiritual civilization is one of the fundamental guarantees for persisting in the socialist path and accomplishing the four modernizations and that promoting activities of the "five stresses and four beauties" in a deep-going and lasting way is inseparable from the accomplishment of the party's long-range historical task.

The forum summed up the achievements and experience in China's first "all-people decorum and courtesy month" and discussed in particular how to promote activities of the "five stresses and four beauties" on a regular and lasting basis. The forum pointed out that the first "all-people decorum and courtesy month" was held after the mass activities of the "five stresses and four beauties" had been carried out for over 1 year. The scale and momentum of the month-long activities, their good social effect and deep influence on the masses were rarely seen in recent years. During the month, hundreds of millions of people voluntarily and enthusiastically took part, in an organized manner, in activities to change bad habits and customs and transform social traditions, thereby providing useful experience for us to rely on and mobilize the masses in building socialist spiritual civilization. Through the month-long activities, gratifying changes have taken place in the environment and the appearance of most large and medium-sized cities and some counties, townships and villages throughout the country.

Relations between people have improved to a certain extent. Especially, the month-long activities have heightened the revolutionary spirit of the masses of party members, cadres and people and enhanced their confidence in rectifying party style and improving social practice and public order.

The forum held that the primary reason for being able to mobilize hundreds of millions of the masses in such a short time and to achieve better than anticipated results during the first "all-people decorum and courtesy month" was that the call by the party Central Committee and State Council correctly reflected the aspirations and demands of the people. Leading party, government and army cadres at various levels took a personal hand in leading and doing solid work, thereby bringing into full play the party's central role, the government's organizational and commanding role, the army's exemplary role, CYL organizations' subsidiary role and the model role of Communist Party and CYL members. All units, departments and localities proceeded from reality and fully mobilized, organized and relied on the masses in tackling the "public hazards" and carrying out the month-long activities in a solid and lively manner.

The forum pointed out that, while assessing the achievement and experience and fully affirming the masses' initiative and pioneering spirit, we must also note the shortcomings of our work in organizing and leading the activities. Primarily, some comrades failed to understand the great significance of the activities, to conduct in-depth and meticulous ideological education, and to combine the activities with the actual situation in their respective localities, causing a failure in making the activities take deep root. In view of the masses' demand to broaden the results and experience of the "all-people decorum and courtesy month" and frequently apply them to the activities of the "five stresses and four beauties" to score more concrete achievements in transforming social traditions and building spiritual civilization, we should make the best use of the situation and effectively carry out the activities enduringly.

The forum emphatically pointed out that the key to making the "five stresses and four beauties" become regular practice lies in leadership at all levels' firmly being guided by the principle of "paying attention to both civilizations." The idea and habitual practice of setting material against spiritual civilization, grasping only economic construction while ignoring the building of spiritual civilization, must be corrected. The activities of the "five stresses and four beauties" are valuable because they are created for the masses by the party's ideological and political work under current specific conditions. Using simple, explicit and popular language, the "five stresses and four beauties" combine the communist basic demand for changing bad habits and customs and transforming social traditions with solving the practical problems in current social life and practice in our country, offering us a good way to educate and train a new generation of socialist-minded people.

The forum held that the central link in carrying out in-depth activities of the "five stresses and four beauties" is to persist in educating the people with communist ideology and ethics. The "five stresses and four beauties" is based on the current moral standard of the Chinese people and, at the same time, is guided by the principle of communist ethics. It is necessary to conduct education on the working class' historical mission and fine traditions among the workers in order to enhance their sense of responsibility of being their own masters. It is necessary to educate the peasants to consider the interests of the state, collective and individual simultaneously and promote among the peasants the practices of working hard to become rich, giving priority to public needs, and finding it a pleasure to help others. It is necessary to teach young people and children to love the motherland, the party and the socialist system and help them gradually form a correct outlook on life and the world. In regions inhabited by national minorities, it is necessary to further strengthen education in unity among nationalities. In handling relations among the people, it is necessary to advocate the principles of weighing the interests of the whole above all, respecting, helping and trusting each other, and serving and being responsible to the people.

It is necessary to concretely apply the principle of communist ethics in social mores and professional, marriage and family morality. Newspapers, radio and TV broadcasts and literary and artistic works should frequently depict new people, things and practices reflecting communist ideology and ethics. Unfolding activities of the "five stresses and four beauties" is also an important aspect in the struggle against corrosion. It is necessary to teach party members and cadres to uphold the purity of communist ideology and educate the people, especially the youngsters, to raise our national pride and confidence, so that the people of all nationalities in our country, men and women, young and old, party members and nonparty members, can become people who have ideals, moral sense and culture and abide by the law.

The forum held that, in making the "five stresses and four beauties" take deep root, leading cadres at various levels must go down to the grassroots and, concentrating efforts on key areas and typical examples, personally conduct investigation and study and strengthen inspection and supervision in leading the grassroots. On the basis of effective ideological education, it is necessary to set up and improve various rules and regulations and let them become a regular practice and system. Elimination of dirtiness, disorderliness and poor service must be included in municipal construction plans in all localities. All large and medium-sized cities must adopt legislation to strengthen city management and maintain social morality. Industrial, transport, finance and trade enterprises, schools, literary and art, sports and public health institutions must formulate or revise their own work regulations and service pledges. Rural villages must also formulate village rules in light of the actual situation. It is necessary to continuously expand the backbone members of the "five stresses and four beauties." In enforcing rules and regulations, it is necessary to rely on both professional personnel and mass supervision. All-level party committees and governments must formulate unified plans, persist in tackling problems comprehensively, effectively strengthen leadership over the activities and carry them out in a down-to-earth but flexible way. Leading cadres at various levels must carry forward the party's fine traditions and play an exemplary role in the activities of the "five stresses and four beauties."

The forum participants visited the Capital Iron and Steel Company on the morning of 5 May. They were greatly inspired by the experience and results achieved by the company in unfolding the activities of the "five stresses and four beauties" and building socialist spiritual civilization.

Attending the forum were party committee secretaries in charge of the activities; directors of the party committee's propaganda department; CYL secretaries from all provinces, municipalities, and autonomous regions and the 17 cities including Nanjing, Hangzhou, Qingdao, Fuzhou, Sanming, Shenyang, Dalian, Harbin, Taiyuan, Xian, Wuhan, Luoyang, Guangzhou, Guilin, Chengdu, Chongqing and Kunming; as well as responsible comrades of departments concerned under the party Central Committee; totalling some 130.

XINHUA Commentator

HK071012 Beijing RENMIN RIBAO in Chinese 6 May 82 p 4

[XINHUA commentator's article: "Pluck Up the Spirit and Create a New Phase of Five Stresses and Four Beauties Activities"]

[Text] In accordance with instructions issued by the CCP Central Committee, the CCP Central Committee Propaganda Department and the CYL Central Committee jointly held a forum recently to summarize the activities of the "all-people decorum and courtesy month." It also summed up the achievements and experiences of our country's first "all-people decorum and courtesy month" activities.

The five stresses and four beauties campaign, which is regarded as an important component of the building of socialist spiritual civilization, has been carried out in our country's urban and rural areas for more than 1 year.

The reason why the campaign was welcomed immediately by the broad masses of people is because it conforms to the needs of our country's socialist modernization and reflects the interests and aspirations of the people of our country. The broad masses of people have hated the decline in the moral standard in society which resulted from 10 years of chaos and have eagerly demanded a change in the situation of "dirt, disorder and discourtesy" which has existed widely. Therefore, when the CCP Central Committee and the State Council issued the call to carry out the activities of "all-people decorum and courtesy month," the broad masses of people immediately and consciously went into action to bring their high level of socialist initiative and creativity as well as their communist spirit into full play. As a result, we have achieved better results in these activities than expected. This fact shows that as long as we persist in doing things which are supported by the people, our efforts are bound to be crowned with success.

The CCP Central Committee has stressed many times that in order to build a modern and powerful socialist country, we must on the one hand pay attention to constructing socialist material civilization, and, on the other hand, take care of constructing socialist spiritual civilization. The construction efforts in these two fields complement and promote each other. Neither can be given one-sided attention or be neglected. Experience in the past year or so shows that the five stresses and four beauties campaign is not only an important part of the construction of socialist spiritual civilization but is also an important requirement for the building of socialist material civilization. It plays a very important role in guaranteeing the socialist direction of economic development and in stimulating the building of material civilization. Good social order, good working conditions, harmonious and comradely relations, lofty communist ideals and high moral principles are factors that can arouse enthusiasm in people for labor or work, raise their ideological level, and turn spiritual and moral strength into a tremendous source of material strength in practice. From this it can be seen that to firmly uphold the guiding idea of "tackling two civilizations at the same time" is the key to the proper promotion of the five stresses and four beauties campaign.

The first "all-people decorum and courtesy month" activity started in our country in March this year was launched on the basis of a five stresses and four beauties campaign of over a year ago. It was a large-scale, spectacular event. The social results achieved were satisfactory. The impact on the masses was profound -- an impact seldom witnessed. The achievements scored in the "all-people decorum and courtesy month" activities and the five stresses and four beauties campaign of over a year ago are, fundamentally speaking, attributable to the fact that we have raised a clear-cut banner and conducted education in communist thinking and communist morality in a realistic manner among the people.

Persistently conducting education in communist thinking among the people is our party's glorious tradition and is also an important guarantee for continuous victories in our party's cause. In the period of new democratic revolution, Comrade Mao Zedong stressed the need to give more publicity to communist thinking. During the time when the Red Army was being founded and during the Yanan period, despite extremely great difficulties encountered because of material shortages, we persisted in conducting education in communist thinking and upheld the party style. This enabled us to maintain a fighting spirit and to defeat the powerful enemy. After the founding of the PRC, the material foundation of the 1950's was far less sound than that of today. But due to persistence in conducting education in communist thinking, our party's fine traditions were continuously carried forward. The healthy social style then prevailing is now still talked about with relish. Today we have launched a five stresses and four beauties campaign. This is a good way that our party has found -- under new historical conditions by pooling mass wisdom -- to use communist thinking to educate, cultivate and train a generation of new-type socialist people. Here it must be pointed out that giving publicity to communist thinking and carrying out the general and specific policies at their current stages are matters which are marked with both differences and similarities and which complement each other.

The view that in the socialist period we can only promote distribution according to work and that the conducting of education in communist thinking goes "beyond the historical stage" is wrong. Certain people have advocated pursuing so-called "individual values" in a departure from the values of society and the collective. They have, without analysis or criticism, blindly promoted certain ideas of the Western bourgeoisie. This will only weaken and negate propaganda and education about communist thinking, lead to ideological confusion and result in a state of passivity. This must be resolutely overcome and guarded against. We should also clearly note that though our exploiting class has been eliminated, class struggle within a given scope will remain for a long time. The struggle being waged at present to crack down on serious criminal activities in the economic field is a prominent manifestation. Persisting in waging a lasting struggle against corruption by capitalist thinking is an important aspect of the effort to build socialist spiritual civilization and the launching of the five stresses and four beauties campaign. We must educate party members and party cadres so that they will maintain the purity of their communist thinking. We must educate the people, and young people in particular, so that they will raise their national self-respect and self-confidence and strive to "refrain from being corrupted and always remain untainted." Thus our people will become persons who have ideals, moral principles, cultural knowledge and a sense of discipline.

Now, with the first "all-people decorum and courtesy month" over, our task is to immediately divert the enthusiasm generated in this month to conducting a penetrating and sustained five stresses and four beauties campaign, which should be successfully carried out at lower levels, so that a new situation can be created. To achieve this aim depends, to a large degree, on whether the level of awareness of leading cadres is high, whether their spirits are aroused and whether they can personally take the lead in practice and set personal examples, taking full advantage of a favorable situation. The leading comrades of the CCP Central Committee recently stressed that ideological and political work is first of all a matter of educating and convincing cadres. With the thinking of cadres rectified and their level of awareness raised, the masses then can be easily taken care of. The basic aim of ideological and political education is to educate and convince people. Educators must first receive education themselves and then set examples. In the recent "all-people decorum and courtesy month" activities, the people noticed that leading cadres at all levels personally got involved and took the lead in practice. They have thus become greatly inspired and further strengthened their confidence in launching the five stresses and four beauties campaign and in building spiritual civilization. The masses happily say: If things continue this way there surely will be a great change in our country in 3 or 5 years! Our leading cadres at all levels must not betray the expectations of the people. They must seriously carry out the duties with which we are charged by history and conduct the five stresses and four beauties campaign in a penetrating and sustained manner.

EAST CHINA SEA FLEET HOLDS MILITARY PARADE

OW081435 Hangzhou Zhejiang Provincial Service in Mandarin 0400 GMT 8 May 82

[Text] Leading organizations of the East China Sea Fleet recently held a grand military parade. Some 1,500 cadres and fighters of the fleet, in good physical condition and high spirits, were reviewed by Xie Zhenghao, commander of the East China Sea Fleet, and Huang Zhongxue, political commissar.

At the end of the parade, Commander Xie Zhenghao delivered a speech. He called on the leaders at various levels and the cadres and fighters to have a clear understanding of the situation, arouse their spirit and firmly adhere to the four basic principles.

He also urged them to carry out the instructions and decisions recently issued by the central authorities on striking at serious crimes in the economic sector, to continue to unfold activities to promote spiritual civilization in a deepgoing way, to strengthen military, professional, technical and management training and to straighten out organization and discipline. The leading organizations of the fleet must set an example in modernization and regularization and make contributions toward enhancing the armed forces' fighting capability, he stressed.

JIEFANGJUN BAO CITES DEEDS OF PLA UNIT ON XISHAS

OW100514 Beijing Domestic Service in Mandarin 2230 GMT 9 May 82

[Text] The 10 May JIEFANGJUN BAO prominently displays on page one a report saying that the leading organ of the PLA naval units on the Xisha Islands showed warm concern for sentries guarding the remote Zhongjian Islet on the South China Sea front. In the past 4 years a total of 27 cadres have taken turns in staying on this islet at selected grass-roots units to help improve work and gain firsthand experience. They lived and ate together with the fighters, pulled guard and patrol duties and studied and engaged in recreational activities together with them. They earnestly passed on experiences, provided help and set examples in training cadres. They did not remain inactive as guests or run things by themselves without consulting others. They were warmly praised by the cadres and fighters stationed on this islet.

In this connection, JIEFANGJUN BAO carries a commentary entitled "It Is Necessary To Work at the Grassroots Units With a Sense of Responsibility."

RURAL DEVELOPMENT RESEARCH CENTER SET UP

OW072030 Beijing XINHUA in English 1537 GMT 7 May 82

[Text] Beijing, May 7 (XINHUA) -- The China Rural Development Research Center, a consultant organization under the leadership of the State Council, was established today. The center will help improve the quality of rural surveys and provide reliable material to leading departments which formulate strategy and policies governing rural development, according to a circular on the establishment of the center issued by the State Council.

As 800 million of China's 1,000 million people are peasants, the rural economy and conditions in the countryside are of major importance to the country's political stability and economic construction, the circular said.

Du Runsheng, former vice-minister of the State Agricultural Commission, was elected director of the center at the first meeting held today.

The center's main tasks are to make suggestions on major rural issues and offer a consulting service to the Central Committee of the Communist Party of China, the State Council and other leading departments; the center will also coordinate the work of units specializing in rural and agricultural problems and facilitate exchange of data and agricultural research results.

Currently, the center is studying the following topics; restructuring the rural economic management system; the state plan as the leading factor in the rural economy with market regulation as subsidiary; the balanced development of agriculture in the national economy; an overall plan for construction of the Chinese countryside; the proper ratio among the different branches of agricultural production; technical transformation of agriculture; birth control in the rural areas.

Participating in the work of the center are officials and specialists from the research office on rural policies of the Central Committee of the CCP, the Ministry of Agriculture, Animal Husbandry and Fishery, the Ministry of Forestry, the Chinese Academy of Social Sciences, the Chinese Academy of Agricultural Sciences, the Beijing Agricultural College and the Chinese Society of Agronomy.

A committee set up by the center is in charge of appraising major agricultural research results.

HU YAOBANG, OTHERS PAY RESPECTS TO SHA QIANLI

OW080055 Beijing XINHUA Domestic Service in Chinese 1233 GMT 7 May 82

[Text] Beijing, 7 May (XINHUA) -- More than 300 party and state leaders and public figures in the capital went to Beijing Hospital this afternoon to pay their last respects to the remains of Comrade Sha Qianli.

The remains of Comrade Sha Qianli were covered with the flag of the Chinese Communist Party and surrounded by evergreens and flowers. Beginning at 1500, party and government leaders Hu Yaobang, Ulanhu, Peng Chong, Xi Zhongxun, Hu Qiaomu, Yao Yilin, Xu Deheng, Hu Juewen, Shi Liang and Zhu Xuefang; CPPCC National Committee Vice Chairmen Liu Latao, Lu Dingyi, Kang Keqing, Ji Fang, Wang Shoudao, Hu Ziang, Wang Kunlun, He Changgong, Yang Xiufeng, Burhan Shahidi, Zhou Peiyuan, Qian Changzhao and Dong Qiwu; Director of the United Front Work Department of the CCP Central Committee Yang Jingren; and others stood in silent tribute before the remains of Comrade Sha Qianli and expressed cordial sympathies to his wife Huang Guolin and their children.

Also present to pay last respects to the remains of Comrade Sha Qianli were members of the funeral committee for Comrade Sha Qianli in Beijing, members of the NPC Standing Committee and the Standing Committee of the CPPCC National Committee, responsible persons of the Organization Department and United Front Work Department of the CCP Central Committee, members of the China Democratic League Central Committee, the China Democratic National Construction Association Central Committee and the All-China Federation of Industry and Commerce in Beijing, responsible persons of the Ministry of Commerce, friends of Comrade Sha Qianli and working personnel of department concerned.

After the last rites, the remains of Comrade Sha Qianli were escorted by Li Gui, Zheng Boke, Sa Kongliao, Zhang Jingli, Wang Guangying, Cheng Hao, Pan Yao and others to Babaoshan for cremation.

While Comrade Sha Qianli was critically ill, Peng Zhen, Peng Chong, Hu Juewen and other comrades visited him at the hospital.

A memorial meeting for Comrade Sha Qianli will be held at the Great Hall of the People on the afternoon of 11 May.

ANHUI DISCUSSES TRAINING, BUILDING OF CADRE CORPS

OW070355 Hefei Anhui Provincial Service in Mandarin 1100 GMT 4 May 82

[Excerpts] Since the 3d plenary session of the 11th party Central Committee, party committees at all levels in our province have paid attention to training cadres on rotation in order to raise cadres' ideological, political, professional and technical levels and to quickly turn out a cadre corps that is revolutionized, younger, more educated and more professional. Preliminary results have been achieved. In the past several years, nearly 400,000 cadres at various levels and of different lines have been trained. After undergoing training, the large number of cadres, in particular the party's leading cadres at all levels, have enhanced their consciousness of implementing the party's line, principles and policies. They have also revitalized their revolutionary spirit and strengthened their revolutionary unity. At the same time, they also learned something about management, science and culture, thereby greatly improving their professional level and managerial ability.

To accelerate the building of the cadres corps and meet the needs of the four modernizations, the cadre training task in our province has entered a new stage after several years of efforts. Now a basic network for cadre education exists. Over 90 party schools throughout the province have been revived, and quite a few are in fairly good operational status. The total capacity of cadre schools, including regular training classes, is 5,000. Some colleges and secondary technical schools have set up cadre study classes. There are also cadre study classes run by evening, sparetime and television universities. In the meantime, the contingent of teachers has also been strengthened. Party and cadre schools throughout the province have 1,000 teachers plus 500 part-time instructors and teachers. A number of party and cadre schools have edited new sets of teaching materials or reedited original ones in accordance with their respective needs.

Party committees at all levels and many departments are now reviewing the performance of schools which have trained cadres in the recent past and are revising the training plan with a view to streamlining the administrative structure for training cadres.

JIANGSU DISCUSSES DRAFT OF REVISED CONSTITUTION

Xu Jiatun on Constitution

OW071123 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 5 May 82

[Excerpts] On the morning of 5 May, the Jiangsu Provincial People's Congress Standing Committee held a meeting in Nanjing for its members and the NPC deputies to discuss the draft of the revised constitution.

Kuang Yaming, vice chairman of the provincial people's congress standing committee, presided over the meeting. Attending the meeting were standing committee vice chairmen Xie Kedong, Ye Xuchao and Liu Shuxun. Chairman Xu Jiatun made a speech on the significance of mobilizing all the people to discuss the draft of the revised constitution and the concrete steps to be taken by Jiangsu Province in organizing discussions.

Chairman Xu Jiatun said: It is a major event in the political life of the Chinese people that the NPC Standing Committee has decided to make public the draft of the revised Constitution of the People's Republic of China for discussion by the people of all nationalities in the country. Nationwide discussion of the draft of the revised constitution is not only a way for the people to exercise their democratic rights, but is also a profound, socialist education for the people. He continued: To properly conduct discussions, it is necessary to organize the cadres and the masses to study the relevant resolutions adopted by the NPC Standing Committee and Comrade Peng Zhen's explanations on the draft of the revised constitution, as well as editorials and articles carried by the newspapers. Thus, the people will be able to grasp the basic guidelines and contents of the draft of the revised constitution, including its guiding ideology, the fundamental rights and duties of citizens and the important regulations of the state political and economic systems.

At the meeting, the standing committee members and the NPC deputies enthusiastically expressed their views. They unanimously held that the draft of the revised constitution is comparatively perfect, comprehensive and concrete in content, and conforms to China's state of affairs; it has laid down the fundamental interests and common wishes of the people of all nationalities in the country. The publication of the draft of the revised constitution for discussion by people throughout the country gives expression to the people's democratic rights as masters of the country. It is also an important means for strengthening China's legal system. Everyone at the meeting pledged to take the lead in studying and discussing the draft of the revised constitution.

Organizations Hold Forum

OW090859 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 8 May 82

[Text] The responsible persons of the Jiangsu Provincial CCP Committee, the provincial people's congress standing committee, the provincial government and the provincial CPPCC committee held a forum on the morning of 8 May to study and discuss the draft of the revised constitution and Comrade Peng Zhen's explanations on the draft of the revised constitution.

Comrade Hu Hong presided over the forum. Centering on the fundamental guidelines of the draft of the revised constitution, the forum participants elucidated their understanding and warmly discussed many important articles of the draft. They pointed out: The draft of the revised constitution has summarized the more than 30 years of experiences in China's socialist revolution and construction and is in the fundamental interests of the people of all nationalities in the country. It is a rather complete draft constitution in keeping with the Chinese people's common aspirations and suited to our country's condition.

The forum pointed out: The Standing Committee of the National People's Congress decided at its 23d session to make public the draft of the revised constitution for discussion by the people throughout the country. This is a matter of prime importance in the political life of the Chinese people. It shows the Chinese people's real democratic rights. All people's congress standing committees must seriously make arrangements for this discussion. All party committees must conscientiously strengthen leadership so the discussion can be broadened and deepened.

Attending this forum were Hui Yuyu, Bao Houchang, Ding Keze, Jin Xun, Wang Haisu, Zhou Yifeng, (Lu Yonglai), Kuang Yaming, Dai Weiran, Xie Kedong, Ye Xuchao, Zeng Ruqing, Zhu Hui, (Liu Shubiao), Ouyang Huilin and responsible comrades of other departments.

Military District Discussions

OW081441 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 6 May 82

[Text] Since the publication of the draft of the revised Constitution of the PRC, the leading comrades of the Jiangsu Provincial Military District have earnestly studied and discussed the draft and freely expressed their views. Most of the leading comrades of the provincial military district are veteran revolutionaries of the war years. After reading the draft of the revised constitution and the explanations, they sighed with emotion. They said that the draft of the revised constitution has been bought with the lives and blood of the Chinese people. It is a summing-up of the experience of socialist revolution and construction in China over the past 32 years, they added.

During the discussions, the leading comrades of the provincial military district unanimously held that the inclusion of the four basic principles in the preamble of the draft gives expression to the common wishes of all the people and the commanders and fighters of the armed forces.

Peng Bo, political commissar of the provincial military district, said: The stress on adherence to the four basic principles in the draft is a reliable guarantee for China's prosperity. Practice since the party's third plenary session amply shows that only by upholding the party's leadership can we expect to advance in national construction.

The leading comrades also seriously discussed the fundamental rights and duties of citizens and the articles concerning the military. They maintained that one of the major tasks of the provincial military district is to do militia work well. The draft has created favorable conditions for doing militia work well by regarding participation in militia organizations as an obligation for the citizens. The comrades pledged to carry forward the revolutionary spirit of hard work and to make efforts for thorough implementation of organizational, political and military work among the militia.

Nanjing PLA Units on Draft

OW071351 Shanghai JIEFANG RIBAO in Chinese 1 May 82 p 2

[Text] Recently, the leading comrades of the Nanjing PLA units and the responsible persons of its headquarters, political and logistics departments earnestly studied the draft of the revised constitution and Comrade Peng Zhen's explanations on the draft of the revised constitution. Commander Nie Fengzhi and First Political Commissar Guo Linxiang took part in discussions. They put forward directives and made arrangements. During the discussions, everyone was of the opinion that publication of the draft of revised constitution for discussion by the people throughout the country indicates China's excellent political situation and embodies our high level of socialist democracy. First Political Commissar Guo Linxiang said that inclusion of the four basic principles in the constitution is of important immediate and far-reaching historical significance.

Deputy Commander Xiang Shouzhi said: The current draft of the revised constitution is more comprehensive, substantial and precise than previous constitutions. He pointed out the following characteristics: 1) Stress on the four basic principles has provided an effective guarantee for the progress of the four modernizations. 2) Elimination of the "leftist" ideology conforms to China's situation. 3) Substantive contents added to the constitution makes it more perfect. 4) Omission of empty clauses makes the constitution more concrete and precise. They held that the establishment of the Central Military Council, as stipulated in the draft of the revised constitution, to lead the nation's armed forces makes clear the status of the armed forces in the state system and will facilitate military revolutionization, modernization and regularization.

Deputy Commander Zhan Danan said: The article in the draft of the revised constitution which reads: "It is the honorable obligation of the citizens of the People's Republic of China to perform military service and to join militia organizations according to the law" enhances the morale of the military and educates them to perform military service contentedly. Commander Nie Fengzhi called on the Nanjing PLA units to concentrate on the study and discussion of the draft of the revised constitution, article by article and sentence by sentence.

CHINA DAILY REPORTS TRIBULATIONS OF MODEL WORKER

HK090033 Beijing CHINA DAILY in English 9 May 82 p 3

[Report: "Worker Given Hard Time for Invention"]

[Text] A worker whose invention brought him only trouble and abuse for seven years has been named a "model worker" by the Jiangxi provincial government, the JIANGXI DAILY reports.

The paper said Zhang Jiefeng, 43, developed a precise cutting technique for manufacturing watch mechanisms. It reduced six production procedures to one, reduced the waste rate from 50 to 20 percent and saved 1,586 working hours for every 100,000 mechanisms produced. Zhang's case is an example of how exemplary workers are mistreated by jealous leaders. Zhang started working on the invention in 1975, when he was assigned to the Nanchang watch factory. He drew 60 blue-prints for appraisal by the factory heads, but no one took notice of them. Despite this, he continued his research. His workshop director created difficulties for him, giving him extra tasks and forbidding others to help. When Zhang appealed to the vice-director of the factory, he in turn charged Zhang with having bad motives and wanting to show off.

In November 1979, Zhang completed his investigation with the help of colleagues, but the factory officials refused to acknowledge it, or report it to higher levels. When officials from the Jiangxi scientific information institute of machinery went to investigate the new technique's use in production, factory officials lied to them, asserting the factory had not adopted the technique. In fact, it had already manufactured more than 500,000 mechanisms this way.

Zhang continued to be criticized at meetings even after his invention had proved sound. Last December, the Nanchang scientific committee in Jiangxi awarded him a first prize for scientific innovation. But the factory still refused to recognize him. The Jiangxi machinery engineering society wanted to make him a member of the organization, but the factory refused to approve. After the matter became known to the central and provincial governments, the case got attention. At a recent conference of model workers, Bai Dongcai, first secretary of the Communist Party Committee of Jiangxi Province, referred to it and called all party organizations, government departments and trade unions to back up model workers and their work.

SHANGHAI'S WANG ZHEN ON MODERN HISTORY STUDY

OW051055 Shanghai City Service in Mandarin 1130 GMT 4 May 82

[Text] According to the college journal published by the Jiaotong University in Shanghai, Comrade Wang Zhen recently called on faculty member, students, staff members and workers of Jiaotong University to conscientiously study contemporary Chinese history and to vigorously carry forward the patriotic spirit of the Chinese people in working hard for the country's prosperity. Comrade Wang Zhen is concurrently chairman of the committee of administrative affairs of Jiaotong University. In his recent remarks on work at the university, he pointed out that not only students but also youths, workers, cadres and teachers should study contemporary Chinese history. Without studying contemporary history, we will know nothing about the history of the period from the opium war to the May 4th movement, and without any knowledge about China's past or without any understanding of the humiliation suffered by semifeudal and semicolonial old China, how can we understand the well-being enjoyed by the people of new China and how can we understand that such well-being has not been easily attained? In this connection, it is of great importance that make-up lessons in contemporary history be given to youths.

The party committee of Jiaotong University has decided to organize all faculty members, students, staff members and workers to study (Pu Shen's) "From the Opium War to the May 4th Movement."

BRIEFS

SHANDONG COTTON CULTIVATION -- In spite of serious drought this spring, cotton-producing areas in Shandong Province had overfulfilled the 15.5 million mu cotton sowing task as of 28 April. This year the province has provided moisture for 12.8 million mu of cotton fields, up 6 million mu over last year. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 3 May 82 SK]

GUANGDONG ON RECTIFYING BASIC-LEVEL ORGANIZATIONS

HK071310 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 6 May 82

[Station commentary: "Conscientiously Consolidate and Rectify Rural Basic-Level Organizations"]

[Summary] The Central Committee has emphatically pointed out that some rural basic-level leading groups recently have become lax or even paralyzed. As a result, many things have been neglected and many unhealthy practices have become widespread. This is a problem we must conscientiously solve.

One of the reasons for this situation is the fact that the leadership was poorly prepared in carrying out economic reform in the rural areas, and therefore when new problems cropped up, it was at a loss as to what to do. Now that we have set up the production responsibility system throughout our rural areas, it becomes even more imperative to consolidate and rectify the rural basic-level leading groups in order to ensure implementation of the rural policies of the party and the state. Party committees at all levels must pay great attention to this work. In order to solve this problem before the autumn harvest, the leading groups of our counties and communes should make vigorous plans and organize strong work teams and send them to the brigades and production teams where the leading groups are seriously lax or paralyzed.

The commentary says that in consolidating and rectifying the leading groups, "we should help our cadres to solve the problems in their actual work. We should first of all strengthen ideological education in order to raise the understanding of our cadres and make them firmly believe that the party's rural policies which have been formulated since its third plenary session are correct. Thus their various misunderstandings about the implementation of the responsibility system will be cleared up and they will clearly understand the present situation and pluck up their spirit to do their work well."

The commentary says: "Second, we should do a good job of reorganizing the personnel of these leading groups and affixing responsibility and remuneration for the cadres. We should clearly and definitely assign responsibility to each cadre and link his remuneration to his performance and to the economic effect of his management and administration. At present, we should help our basic-level organizations to form strong and firm leading groups that the masses will have confidence in. We should support the cadres and encourage them to be courageous in exercising their leadership and in cracking down on unhealthy trends." "Of course, we should not indulge them or ignore their shortcomings and errors. We should dismiss a few cadres who most of the masses oppose in strict accordance with policies and on the basis of adequate ideological work. Their dismissals should be carried out and the resulting vacancies filled through democratic elections." The commentary concludes that by solving this problem, the situation in the province's rural areas will become even more satisfactory.

PAPER ON 'NEUROSIS' FROM ANTICORRUPTION STRUGGLE

HK050745 Guangzhou YANGCHENG WANBAO in Chinese 2 May 82 p 2

[Article by Lao Lie [5071 3525]: "An Informal Chat on 'Neurosis'"]

[Text] I have heard that there are people in some units who become very nervous as soon as they have any contact with "people from the outside." They try to either delay or postpone all normal activities, and when it becomes impossible to avoid them any longer, they make a few perfunctory gestures in the company of at least two or three colleagues. Even during the "all-people decorum and courtesy month" they tried desperately to avoid receiving or seeing off guests and paying official calls. Why is this? They hope to avoid any possible suspicion of graft, corruption or bribery. This is probably a form of "neurosis." What would happen if someone dared to take responsibility? Perhaps people would start gossiping behind their backs. This, of course, is another form of neurosis. However, no one would dare suggest this situation does not exist. Even in writing this article, the author did not say "there are a good number of people in many units," but said instead "some people in some units" and used such phrases as "perhaps," "if" "it seems" and "maybe." The same neurosis is the cause for this.

The illness of "neurosis" has been with us for a long time and although many cures have been attempted, little seems to have changed. For some people the illness worsens with each passing day. The cases mentioned above are not particularly serious ones. But the condition of some older patients is far more serious. For example, in the case of opposition to corruption, only the phrases "south gate of the motherland," "neighboring Hong Kong and Macao," "situated in a forward position," "pernicious influence" and so on have been widely used and few effective preventive actions have been taken against such corrosive influence. The masses have voiced their discontent about smuggling, corrupt activities and decadent music, which have become noticeable during the past few years, and the leaders have already taken notice of this and have taken certain actions against them. However, no resolute actions have been taken so far. Why is this? It is because those who act in a diametrically opposed manner will inevitably be accused of boycotting the open-door policy. They dare not vigorously promote opposition until the higher levels have made decisions and passed on "orders" to them. Of course, this is also a good sign. It is not too late to mend the fence even after some sheep have been lost. But the so-called leaders should be farsighted. They should have mended the fence before the sheep were lost. What accounts for their attitude of fearing this and that and being reluctant to solve problems if not "neurosis." This is not a minor thing, but is related to the mood of the entire nation. This is obviously a more serious symptom than avoiding "people from the outside" as mentioned above.

It is clear that corruption, bribery, decadent music and other sinister things were connected with the exploiting class in ancient society. The rulers certainly "turned a blind eye and a deaf ear" to problems and then secretly instigated these things. However, in a new society like ours, even small children who are 3 feet tall, not to mention adults, know these are illegal, immoral and uncivilized things. The reason the new society can remain new is because it mercilessly clears away the muddy water. Such actions need not wait for decisions by higher levels, or for repeated inspections and exploitation and meticulous planning, as in construction of the Gezhouba power station and the opening of the South Sea oilfield. They have nothing to do with the open-door policy and emancipation of the mind. Even if the open-door policy is implemented to a further extent, our country will not tolerate corruption or bribery; even if the people's minds are further emancipated, our people will not tolerate decadent music. This is common sense, and everybody knows it. It is because we implement the open-door policy and emancipate our minds that we can maintain sharp vigilance and oppose corruption. If we say we must wait for instructions at the earliest possible time? It is right and proper for people to take such actions on their own initiative. Everyone should take action against corruption in the same way one gets rid of rats. However, for a prolonged period, some people had not taken resolute actions against rats! The illness of "neurosis" was causing mischief during this period. When there is an attack of this sickness, all revolutionary principles such as "everything proceeding from reality," "party spirit," "sense of responsibility," "act of initiative" and so on will be lost.

We can imagine that if the situation drags on, a fatal pattern will be gradually formed -- everyone is currying favor with senior officials, section members are currying favor with section heads, section heads are currying favor with department heads and department heads are currying favor with ministers. In other words, it means everyone seeks approval from each higher level. People refuse to take action without relevant instructions, and only work according to instructions, faithfully doing what they are told to do. They simply ignore the actual situation. In a big country like ours, with a total area of 9 million square km and a population of 1 billion, with so many tasks to perform and numerous tasks remaining to be undertaken, even our competent leaders can hardly plan for each type of production, issue instructions and make decisions around the clock. It is necessary for leaders at all levels to proceed from reality, master the party's principles and push forward and solve problems. If all areas, units and departments suffer from the illness of "neuroses," only "currying favor" and "waiting for approval," how can we achieve the building of the four modernizations! What we need now is the revolutionary spirit and determination to take responsibility for and shoulder heavy tasks on one's own initiative.

HENAN CONGRESS OF MODEL WORKERS CONCLUDES 5 MAY

HK060343 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 5 May 82

[Summary] The Henan provincial congress of progressive collectives, model workers and progressive producers and workers in industry and communications, capital construction and finance and trade concluded on 5 May. Responsible comrades of the party, government and army in Henan, including Liu Jie, Dai Suli, Zhao Wenfu, Li Qingwei, Zhang Shude, Yu Yichuan, Li Baoguang and Shang Tan, attended the closing ceremony, at which provincial CCP Committee Secretary Zhao Wenfu presided. The congress approved a letter of proposal to all workers in the province calling on them to spark an upsurge of learning from and catching up with the progressives, and actively plunge into socialist labor emulation and the struggle to oppose bourgeois corruption and combat economic crimes. They should be vanguards and models in building the two civilizations and leaders in promoting the "five stresses and four beauties."

Provincial CCP committee First Secretary and people's congress standing committee Chairman Liu Jie spoke at the ceremony. He stressed the role of progressive collectives and model workers and demanded that leadership at all levels actively support them.

WUHAN PLA LEADER DISCUSSES OPPOSING DEGENERACY

HK090621 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 8 May 82

[Text] Political Commissar Yan Zheng of the Wuhan PLA units made an important speech on 8 May at the units' symposium on building socialist spiritual civilization. He dwelt on getting a good grasp of the struggle to oppose corruption and degeneracy and maintain purity. Comrade Yan Zheng pointed out in his speech: The struggle to combat serious criminal activities in the economic field has already been launched in an all-round way. We must have a clear understanding of the essence of this struggle. We must have a resolute attitude and provide effective leadership. At the same time, we must attach great importance to grasping the anticorruption struggle in the ideological field, constantly eliminate the influence of capitalist poison in ideology and apply communist ideology to overcome capitalist ideology. We must get a good grasp of education in communist ideals and patriotism, and ensure that our PLA units become a revolutionary force with ideals, morality, culture and discipline. Comrade Yan Zheng also pointed out: In the struggle to oppose corruption and degeneracy, the leading cadres must stick to the truth and stress the principles of party spirit, not face. They must overcome bureaucratism, carry out rectification of the ideology and work style of the leadership stratum and strengthen education and control of their sons and daughters, to enhance political awareness and standards of ideology and policy.

In conclusion, Comrade Yan Zheng demanded that all units pay attention to studying the new situations and problems in the drive to build spiritual civilization, grasp typical examples, promptly sum up and popularize progressive experiences and carry out this drive in depth. He expressed the hope that the progressive representatives attending the meeting would act with humility and prudence, refrain from arrogance and impetuosity, play a model and leading role in the struggle to oppose corruption and degeneracy and make new contributions to speeding up the army's modernization and regulation.

BRIEFS

GUANGDONG CAPITAL CONSTRUCTION -- The Guangdong Provincial People's Government has recently made a decision on strengthening the planning and management of capital construction and strictly controlling the scale of capital construction. The decision pointed out that the province has now relaxed the management of capital construction and has too many capital construction projects. This has caused a shortage of capital construction materials and raised the costs of the projects. This has also resulted in the province investing a large amount of money in these projects and caused commodity prices to rise. This is not beneficial to the readjustment and healthy development of the economy. It is therefore essential to strictly control the size of capital construction in accordance with the plan of the state and the province. No one is allowed to expand the size of capital construction without the approval of the province. [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 4 May 82 HK]

SICHUAN RIBAO ON STRUGGLE AGAINST ECONOMIC CRIME

HK080318 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 7 May 82

[Report on 8 May SICHUAN RIBAO contributing commentator's article: "Heighten Understanding, Strengthen Leadership and Carry Through to the End the Struggle Against Serious Criminal Activities in the Economic Field"]

[Excerpts] At present, a struggle to combat serious illegal and criminal activities in the economic field is unfolding in depth throughout the province. Initial results have been achieved. The masses are in high spirits and applaud this drive. Viewing the province as a whole, however, conditions vary somewhat from place to place. In a few areas and units action and progress are slow, and the effort has not gotten underway well. Certain units have not even made a move. The main reason for this is that certain leading departments and cadres still have all kinds of erroneous and muddled notions on this struggle. They therefore fail to lead it effectively. Hence, further solving the problems of understanding of these leading cadres is a key to whether this struggle can be carried through to the end.

The article says: Why is it that certain people still lack the proper viewpoint and attitude in this struggle even though the central authorities have repeatedly pointed out the gravity, harmfulness and danger of illegal and criminal activities in the economic field and declared that it is necessary to be firm and clear-headed Marxists who get things done in this struggle to oppose corruption by capitalist ideology? In the final analysis, the fundamental problem is one of standpoint and viewpoint. First, these people always view problems from their individual standpoint and are afraid of this and that; what they are really afraid of is that the individual will suffer. Second, they always view problems from the angle of the partial interests of their own areas, units and small cliques. Seeing that certain criminals who smuggle and peddle contraband and engage in profiteering have made money for their units, their vision becomes blurred and they are unable to visualize that these criminal activities undermine socialism, seriously pollute and corrupt party work style and popular practices and do tremendous harm to the state and the entire society.

These comrades must break out of their circles of individualism and departmentalism as quickly as possible, take the stand of the party and people and insist on putting the interests of the party and state above everything. Only thus will they be able to clearly understand the gravity, harmfulness and danger of criminal activities in the economic field and the necessity and urgency of unfolding this struggle, maintain political unity with the Central Committee and thus boldly lead this struggle.

The article says: In order to strengthen leadership and launch this struggle more effectively, comrades who have made ordinary mistakes and been involved in criminal activities in varying degrees must take the initiative to clean themselves up and advance to the battle with clear conscience. Comrades who have been involved must proceed from the overall situation of benefiting the launching of this struggle, take the initiative to clean themselves up and make a clean breast of their problems.

The article says in conclusion: The struggle to combat serious illegal and criminal activities in the economic field is one of the most practical and effective measures for rectifying the party and its work style in current conditions. Every party member, and especially the leading cadres, must take a firm and clear-cut stand. All party members and party cadres must maintain the party's nature as the vanguard force of the working class and the communist purity of party members, and always remember that the party's aim is to serve the people wholeheartedly and that its ultimate goal is to realize the great ideal of communism. They must resolutely carry through to the end the struggle to hit at illegal and criminal activities in the economic field.

ZHANG ZHIXIU ATTENDS KUNMING PLA YOUTH DAY FETE

HK050151 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 4 May 82

[Summary] The Political Department of the Kunming PLA units held a soiree in Kunming on 3 May to celebrate Youth Day. Kunming PLA Commander Zhang Zhixiu, First Political Commissar Liu Zhijian and Deputy Commander Zhang Haitang attended and met representatives of progressive CYL branches and members in the units.

HEBEI STEPS UP ENERGY, TRANSPORT PROJECT WORK

HK060437 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 29 Apr 82

[Summary] Hebei Province is stepping up work on a number of energy and communications construction projects. These are all large or medium-sized state capital construction projects and are of great significance for the development of the entire national economy.

The main projects are: construction of the Beijing-Qinhuangdao railroad, expected to be opened to traffic in 1984; the expansion of the coal wharf at Qinhuangdao harbor; and the electrification of the Beijing-Datong railroad. All three projects are aimed at improving coal export facilities for Shanxi Province. Other projects include: the double-tracking of 57 km of the Shijiazhuang-Dezhou railroad, expected to be completed this year, and the construction of the Handan-Changzhi railroad. These two projects are also aimed at improving Shanxi coal export facilities.

Hebei is currently building a number of large and medium coal mine shafts. These include the (Qianjiaying) and (Fanggezhuang) mines, each producing 4 million tons a year; (Dongpang) mine, producing 1.8 million tons a year; and (Linnantang) and (Jiulongkou) mines, each producing 1.2 million tons a year. Also under construction are the (Fanggezhuang) coal-washing plant, with an annual capacity of 1.8 million tons. Construction of new generators sets is underway at the (Douhe) and (Matou) power plants. The capacity of these two plants will be 1.55 million kw and 850,000 kw respectively. A 100,000 kw generator at the (Xiaohuayuan) power plant will go into operation this year. New wells will be drilled at the Huabei oilfield this year. The plan is to increase annual crude oil output by 800,000 tons.

SHANXI LEADERS REPORT ON ECONOMIC PROGRESS

HK070325 Taiyuan SHANXI RIBAO in Chinese 26 Apr 82 p 1

[Report: "Provincial People's Government Report to Provincial People's Congress Standing Committee Points Out the Shanxi Economic Situation Is Improving Every Year"]

[Text] Vice Governor and provincial planning committee Chairman Jia Chongzhi and deputy director of the provincial financial department Yan Yuansuo have reported to the 14th meeting of the provincial people's congress standing committee on the province's implementation of the 1981 national economic plan and the results of the year's final accounts. The facts show that our province's economic situation is improving year by year and that the future is bright.

Last year, most of our province experienced serious drought. Due to our relaxation of policy and implementation of various forms of agricultural production responsibility system, total agricultural output value in our province as a whole still managed to reach 4.06 billion yuan, an increase of 4.9 percent over the previous year. Total grain output reached 14.5 billion jin, an increase of 5.7 percent over the previous year. Apart from cotton, increases over 1980 were recorded in rape, beet, tobacco, pork and beef. Total industrial output value for the whole province reached 10.9 billion yuan, of which light industrial output value accounted for 3.79 billion yuan, an increase of 10.01 percent over the previous year. The power industry showed steady development. Crude coal output reached 132 million tons, an increase of 11.51 million tons over the previous year. Electricity output increased by 3.6 percent over the previous year. Markets in both the urban and rural areas became increasingly livelier. Our province has carried out a preliminary reform of the commercial system and, with state-run commerce as the main component, has restored and developed some 20,000 collective and individual commercial units, catering units and service trade networks and points. The number of urban and rural trade markets has expanded to 668. There has been a relatively great increase in the sources of high- and middle-grade commodities and certain commodities necessary in the everyday lives of the people throughout the province over the previous year. Among these, bicycles and sewing machines rose by 280 percent and 28.2 percent respectively.

Retail sales of social commodities rose by 9.2 percent compared with the previous year, while the volume of business in the trade markets increased by 45 percent over the previous years. By cutting down on capital construction and other types of expenditure and organizing revenue, a balance was achieved in our province's revenue and expenditure. In the course of readjustment, new developments have been scored in science and technology, culture and education, public health, physical culture and so on. There were 100 important results of scientific research throughout the province, which have been rewarded by the provincial people's government. With the development of economic construction, there were increases last year in the income of peasants and staff workers throughout the province. Average per capita income among the peasants reached about 133 yuan, over 15 yuan more than the previous year. Total wages of the staff and workers throughout the province increased by 6 percent over the previous year. From 1979 to 1981, as far as per household income of a staff member or worker was concerned, after deducting expenses incurred as a result of a rise in commodity prices of 9.9 percent, actual monthly per capita income rose by 29.2 percent. Last year, jobs were found for 170,000 people awaiting employment throughout the province. The floor area of newly constructed residences amounted to 6.49 million square meters, and over 800,000 commune member households in the rural areas built new houses.

Jia Chongzhi and Yan Yuansuo also reported on certain problems inherent in our province's economic construction and financial work, and on the arrangements for the 1982 national economic plan and budget.

ENERGY PLANNING CENTER ESTABLISHED IN TIANJIN

OW072036 Beijing XINHUA in English 1534 GMT 7 May 82

[Text] Tianjin, May 7 (XINHUA) -- The Tianjin Energy Planning and Training Center was established today at Tianjin University under an agreement signed by the Chinese State Scientific and Technological Commission and the commission of the European communities. The center will help China establish a modern energy planning and management system.

Last year, the communities decided to help China set up the Beijing Energy Management and Training Center, the Nanjing Energy Conservation Training Center and the Tianjin Center. The decision was made when Deputy Director General Michel Carpentier of the Directorate (energy) of the European communities, visited China late last year.

The Tianjin center is run by the research institute of the systems engineering of Tianjin University. Both Chinese experts and experts from the communities will give lectures. Studying in the center will be teachers and researchers specializing in energy systems engineering from Chinese colleges and research institutes. They will study theories and technology dealing with energy exploration, development, production, processing, storage, conversion, transportation and environmental protection.

BRIEFS

NEI MONGGOL QUARTERLY REVENUE -- The first quarter financial revenue of Nei Monggol Autonomous Region more than doubled that of the corresponding 1981 period. To increase revenue, party and government leaders and workers on the industrial front have tried to increase production and improve economic results. The regional first quarter industrial output increased 12.3 percent in terms of value, creating conditions for increased revenue. The region has also stepped up tax collection and conducted general financial investigations. Taxes collected in the first quarter increased over 30 million yuan compared to the corresponding 1981 period. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 23 Apr 82 SK]

HEILONGJIANG'S YANG YICHEN ON INTELLECTUALS

SK09024 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 8 May 82

[Excerpt] At the second plenary meeting of the second committee of the provincial association for science and technology today, Yang Yichen, first secretary of the provincial CCP committee, said: Our province is determined to make good arrangements for working and living conditions of scientific and technological personnel and intellectuals in the next 2 or 3 years.

Comrade Yang Yichen said: The number of scientific and technological personnel in our province falls short of the province's rich natural resources and economic development. Besides, the scientific and technological personnel are unevenly distributed. Associations for science and technology must play a part in the work of reassigning intellectuals who are not practicing what they have been trained for or those things in which they excel. Efforts should be made to discover and cultivate people of talent. The various trades and professions may also recruit or engage skillful craftsman to make up for the shortage of scientific and technological personnel.

(Wang Ximing) and (Li Yafei), respectively chairman and vice chairman of the provincial association for science and technology, reported this morning to leading comrades of the provincial CCP committee including Yang Yichen and Li Jianbai on the situation of the association since its second congress. Leading comrades of the provincial CCP committee including Yang Yichen and Li Jianbai heard the report, attended the plenary meeting and spoke.

LIAONING ON COLLECTIVE EFFORTS FOR PROSPERITY

SK060845 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 5 May 82

[Short station commentary: "Correctly Handle Relations Between Prospering Through Collective and Individual Efforts"]

[Excerpt] The experience gained by the Haicheng County CCP Committee in assigning a work force to redress unrestrained production in some communes and brigades furnishes us important enlightenment. How to correctly handle relations between prospering through collective effort and prospering through individual efforts is an important problem requiring solution in our efforts to develop the agricultural economy.

People often quote the adage that "the small streams rise when the main stream is high" to describe relations between the collective and the individual. Many facts have shown that to encourage and help commune members develop domestic sideline production while consolidating and developing the collective economy will make both the main stream and small streams rise and both the collective and individual prosper. If commune members are absorbed in making profits for themselves, drop out of the collective and abandon the plow in favor of unrestrained private production, it will eventually cause confusion for rural work and even shake agriculture as the foundation, doing damage to the collective economy and commune members.

There must a difference of importance between prospering by way of developing the collective economy and prospering through running domestic sideline production that should never be reversed. Every rural commune member must foster the idea of prospering through collective efforts and concentrate his energy on developing collective production. Prospering through individual efforts without the help of the collective economy is impossible. Even if a few people do prosper, their prosperity is impossible to sustain.

This, of course, does not mean that domestic sideline production is banned. On the contrary, domestic sideline production should be vigorously developed as long as it does not involve exploitation and speculation, damage the state's and collective's resources or hamper commune members in participating in collective production.

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C H I N A
PRC MEDIA ON TAIWAN AFFAIRS

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SOFTBALL TEAM NOT TO PARTICIPATE IN TAIWAN GAMES

OW081432 Beijing XINHUA in English 1351 GMT 8 May 82

[Text] Beijing, May 8 (XINHUA) -- The Chinese Softball Association will not send its team to Taipei to take part in the fifth world women's softball championships.

This is because Don Porter, secretary-general of the International Softball Federation (I.S.F.), has so far not removed the political obstacle arising from the "two Chinas" plot concocted by him together with the Chinese Taipei Softball Association regarding the upcoming championships. These remarks were made by a responsible member of the Chinese Softball Association in an interview with XINHUA here today.

He said that in a message to Porter on April 22, the Chinese Softball association urged Porter to instantly request [Beijing XINHUA Domestic Service in Chinese at 1131 GMT on 8 May in its version reads: "immediately instruct"] the Chinese Taipei Softball Association to make public its guarantee that it will refrain from the use of the name, flag and anthem of the so-called "Republic of China" on any occasion during the championship. So far, Porter has failed to make any reply, and the Chinese Taipei Softball Association has refused to make any guarantee publicly. "Since there is an agreement, why can't it be made known? Why can't the Chinese Taipei Softball Association make any guarantee?" he asked, noting, "it is obvious that there is something fishy about it."

He refuted the statement made by Porter at a press conference on April 29 that all of China's worries or objections had been eased. A "memorandum" signed by Porter on April 7 to all I.S.F. member associations points out that the Chinese Taipei Softball Association had given up its right to hoist flag and play anthem which was accorded to the association in accordance with an I.S.F. resolution. As Porter's words are still ringing in one's ears, some of the responsible members of the Chinese Taipei Softball Association and the Chinese Taipei Olympic Committee declared unambiguously: "Our country enjoys the right to hoist flag and play anthem at the championships. Everything is left in our hands. "We have not given up the right to raise flag and play anthem," they said. In the talks with Porter, "no one has made any compromise and no one has made any concession" and so on and so forth. Their talks fully negated Porter's statement in the "memorandum" and Porter has made no clarification or refutation. On the contrary, he tried his best to defend and absolve them.

Obviously, Porter and the Chinese Taipei Softball Association have virtually made no guarantee against the use of the so-called "national flag" and "national anthem" during the championships. In fact, they aim to inveigle more member associations into sending their teams to participate in the forthcoming championships and thus falling into the political trap of "two Chinas."

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CHINA
PRC MEDIA ON TAIWAN AFFAIRS

He continued that in Porter's "memorandum" on April 7 and his subsequent messages to the Chinese Softball Association, he talked ambiguously in quite a few places in order to set traps. For example, the "memorandum" only mentioned the agreement made by the Chinese Taipei Softball Association not to exercise its right to hoist flag and play anthem at the opening ceremony. But it avoided mentioning the closing ceremony and the fact that during the whole course of the championships, the flag of the so-called "Republic of China" would not be raised and its anthem played. Porter said in his message on April 8 that the Chinese Taipei Softball Association agreed that it would observe the rules of the International Olympic Committee governing the use of flag, anthem, logo and emblem with the exception of the I.S.F.'s protocol procedures. Obviously, Porter has an axe to grind by saying "with the exception of the I.S.F.'s protocol procedures." By misinterpreting the I.S.F.'s protocol procedures, the Chinese Taipei Softball Association demanded that its flag be hoisted and anthem played.

He pointed out that in view of the attitudes of Don Porter and some of the responsible members of the Chinese Taipei Softball Association, the Chinese Softball Association demanded that the I.S.F. immediately adopt a resolution that the world championships be moved out of Taipei. Porter has not made any reply to this request. In these circumstances, the Chinese Softball Association will not send its team to participate in the fifth world women's softball championships slated for Taipei.

He concluded by saying that the I.S.F. and the Chinese Taipei Softball Association worked hand in glove to obstruct the Chinese Softball Association from sending its team to participate in the forthcoming championships, and deprive players from the Chinese mainland of their opportunity to meet their compatriots in Taiwan and watch the performance of players from other countries and regions and promote friendship with them. The I.S.F. should be held responsible for all the consequences arising therefrom.

PRC Team 'Indignant' With ISF

OW081254 Beijing XINHUA in English 1232 GMT 8 May 82

[Excerpt] Beijing, May 8 (XINHUA) -- The players of the Chinese national women's softball team told XINHUA today that "we are indignant about some leading members of the International Softball Federation obstructing our participation in the fifth world women's softball championships in Taipei."

They said: "The arrangement with the 'national flag' and 'national anthem' made by I.S.F. Secretary General Don Porter and the Chinese Taipei Softball Association shows how he deliberately created a 'two-China' situation, and thus sabotaged the get-together between the sportsmen of the two sides of the Straits and obstructed exchanges in skill between the Chinese sportsmen and the sportsmen of various countries."

RENMIN RIBAO Commentary

HK090412 Beijing XINHUA Domestic Service in Chinese 0320 GMT 9 May 82

[Text] Beijing, 9 May (XINHUA) -- The 9 May RENMIN RIBAO carries a commentator's article entitled "It Is Impermissible To Use International Sports Contests To Concoct 'Two Chinas'." The text of the article follows:

On 22 April, a responsible person of the Chinese Softball Association cabled ISF Secretary General Porter demanding that he instruct the Chinese Taipei Softball Association to publicly guarantee that the Taiwan authorities' "national flag" and "national anthem" will not be used at the forthcoming world women's softball championships. However, even now Porter has still not replied. Why has he not replied? There is evidently something fishy about it. This shows that Porter's stuff about "all the political problems have been solved," and "the Chinese Taipei Softball Association agrees not to hoist the Taiwan 'national flag' or play the Taiwan 'national anthem' at the opening ceremony or at any time during the championships," is nothing but a pack of lies to deceive people. As a result, the resolutions of the IOC and ISF regarding the Chinese Taipei Softball Association observed and there can be no guarantee that Taiwan will not hoist its "national flag" or play its "national anthem" during the world women's softball championships. A responsible person of the Chinese Softball Association announced on 8 May that under these circumstances, the Chinese Softball Association will not be sending a team to Taipei to take part in the fifth world women's softball championships. This is the consequence of Porter's and company's willfully flouting the relevant resolutions of the IOC and ISF and indulging in political plots in the field of international sports.

It must be pointed out the Porter has consistently been playing tricks concerning the issues of "hoisting the flag" and "playing the anthem" in order to deceive the ISF member organizations and world opinion. Porter visited Taipei from 4 to 6 April. On arrival back in the United States, he declared that all the political problems had been solved, babbling that the Chinese Taipei Softball Association had agreed not to hoist Taiwan's "national flag" or play Taiwan's National anthem" at the women's softball championships. He also stated this in his cable to the ISF's member organizations on 7 April. However, Porter had no sooner spoken than responsible persons of the Chinese Taipei Softball Association and the Chinese Taipei Olympic Committee openly threatened that they would not give up the right to hoist the flag and play the anthem, and also stated that they had not made any concessions on this point in their talks with Porter. By saying this, they actually negated Porter's words. Yet Porter neither publicly clarified this nor did he rebut it. It is easy to see from this that Porter and the Taiwan side actually colluded to set a political trap. It is worth noting that the joint statement issued after Porter's talks in Taipei with the Chinese Taipei Softball Association went so far as to describe that association as "a national organization in charge of softball." The Chinese Taipei Softball Association is a local organization of the Chinese Softball Association, yet Porter actually described China's Taiwan Province as a state. Porter's absurd arguments not only totally violate the resolutions of the IOC and the ISF Executive Council, but also represent a big exposure of how these championships have been openly used to concoct a "two Chinas" plot.

Porter's plot to concoct "two Chinas" in the world women's softball championships is by no means an isolated incident. Recently there have indeed been certain people in international circles making trouble and sparking a small adverse current. However, the 1 billion Chinese people will absolutely not tolerate anyone engaging in any "two Chinas" or "one China and one Taiwan" plot, and that applies in diplomatic relations, economic relations and cultural and sports exchanges. Anyone who miscalculates the Chinese people's unshakable resolve on this issue will be lifting a rock to drop it on his own feet.

PAPERS DISCUSS BUSH TRIP, U.S. ARMS SALES

HSIN WAN PAO Article

HK090730 Hong Kong HSIN WAN PAO in Chinese 9 May 82 p 1

["New Talk" column: "The Talks Were Beneficial, the Obstacle Remains"]

[Text] U.S. Vice President Bush has concluded his visit to Beijing. Some discussions were held on the question of U.S. arms sales to Taiwan, but no agreement was reached. Chinese and U.S. representatives will continue the discussions. In other words, certain dark shadows and clouds between the two countries have not been dispelled.

As an old friend of China, Bush received a warm welcome in Beijing, but to him as the U.S. vice president, Beijing naturally could make no concessions on a matter of principle.

Deng Xiaoping said: I hope that as a result of your visit to Beijing, you will be able to dispel the dark shadows and clouds hanging over our relations. Zhao Ziyang said: I believe that these talks help you to understand our stand. I hope they will also help to solve the difficult problems existing between us. Wan Li said: The frank and candid discussions of the past 2 days have been beneficial. People can see more clearly the importance and urgency of clearing away the serious obstacles in Sino-U.S. relations. Although these three used different words, their meaning was the same.

Certain premises are very clear. First, both China and the United States attach importance to normal and good relations. Bush also pointed out: "We feel that U.S.-China relations are extremely important. President Reagan has strongly asserted this. I hope we will be able to understand more deeply the fundamental essence of this relationship." Second, both sides hold that the talks were beneficial, and so they agreed to continue them. Third, both sides know that the present crux in the differences between them is the question of "U.S. arms sales to Taiwan."

The U.S. Government has repeatedly declared that it recognizes China's stand, that is, there is only one China and Taiwan is part of China. This is the principle for the establishment of Sino-U.S. diplomatic relations and was affirmed by the "Shanghai communique." However, on many issues the Reagan administration has in fact gone against the principle that "Taiwan is part of China," and toyed with the trick of "abstract affirmation, concrete negation." On the one hand, they say Taiwan is part of China, and on the other, they deny that "selling arms to Taiwan" is interference in China's internal affairs. There is an obvious contradiction here.

The social systems of China and America are dissimilar, and there are differences between them in many aspects. However, the main obstacle to their relationship is caused by the Reagan administration's continued armed sales to Taiwan. If this problem is solved, the other differences could be described as relatively minor. Since the United States attaches importance to U.S.-China relations, it should carry out a one-China policy in its actual dealings.

WEN WEI PO Article

HK100717 Hong Kong WEN WEI PO in Chinese 10 May 82 p 2

[Article by Kuan Chien-tzu [4619 6015 1311]: "Bush's Tune Has Ended, But the Echoes Linger"]

[Text] The talks between U.S. Vice President Bush and Chinese leaders have ended, but the echoes are lingering. The issue of U.S. arms sales to Taiwan, which was the main subject of the talks, was not solved, but both sides agreed to continue the talks for a solution. Bush declared at the airport before he departed China that he believes the issue will be solved.

During Mr Bush's visit, he traveled to Hangzhou to see the country south of the Chang Jiang. At this time of year, in late spring, peaches and plums contend in beauty at the West Lake. "Peaches and plums do not profess to be beautiful, but so many people flock to see them that paths have been formed under the trees." When our American friend came, we had swept the flower lanes for him.

In receiving Mr Bush, the Chinese leaders abided by international etiquette and accorded him a friendly and warm welcome. The Chinese leaders were stern regarding the Taiwan issue, but spoke frankly and sincerely. Deng Xiaoping called Bush an old friend of China who has a fairly good understanding of China, and hoped, therefore, that his visit to China on this occasion would sweep away the dark shadowy cloud that has enveloped the relationship between the two countries. This integrates a friendly attitude with a stern stand.

The dark shadowy cloud naturally refers to the U.S. arms sales to Taiwan and the practice of "two Chinas." After his arrival, Bush repeatedly claimed in public and during private talks that the United States attaches importance to Sino-American relations and abides by the principles which established diplomatic relations between the two countries, which recognize that there is only one China and that Taiwan is a part of China. The United States will never practice "two Chinas" or "one China, one Taiwan." Bush also presented President Reagan's letter to Chairman Hu Yaobang as further proof.

Deng Xiaoping, however, still urged him to dispel the dark shadowy cloud, that is to say, in dispelling the dark shadowy cloud, it is necessary to accomplish the deed, namely, the solution of the issue of arms sales to Taiwan. China's stand for a negotiated deadline for arms sales to Taiwan between Washington and Beijing is its final compromise. China is not forcing the United States to stop its arms sales immediately, but grants it a grace period before they must be stopped.

If the United States does not agree to this point, how can it say that it attaches importance to Sino-American relations and recognizes that there is only one China and that Taiwan is a part of China? If the United States eventually does not agree to a deadline, the dark shadowy cloud will eventually engulf Sino-American relations. That is why Premier Wan Li told Bush that it is helpful to have frank and sincere discussions, for they enable people to see more clearly the importance and urgency of removing the serious stumbling block that exists in the relations between China and the United States. In other words, the issue can no longer be left without a solution, or else Sino-American relations will retrogress.

It is said Bush has brought back a reply to President Reagan's letter from the Chinese leaders in which they stress the importance China attaches to preserving Sino-American relations, but they remain firm on the Taiwan issue.

Bush was very pleased to gain a better understanding of China's stand and limitations. What merits our attention is that Bush said that on the basis of his understanding he believes the issue can be solved and Sino-American relations will improve in the next few weeks or months. Does he mean that the United States will take some action?

Bush acted on his own at a press conference: He made public not only President Reagan's letter to Hu Yaobang, but also Reagan's letters to Deng Xiaoping and Zhao Ziyang in early April. It was likely that he had obtained the recipients' approval before he made them public.

There is a common ground in the three letters. They reaffirm that the United States abides by the principle establishing Sino-American relations, which recognizes that there is only one China and that Taiwan is a part of China; that, as a basic principle of U.S. foreign policy, Sino-American relations are favorable to the cause of opposing Soviet expansion and defending world peace; and that it recognizes that as the most difficult and divergent issue in Sino-American relations, the Taiwan issue must be solved.

There is yet another very specific point. Reagan claimed that the United States supports and welcomes China's decision on solving the Taiwan issue peacefully and that the United States recognizes the importance of China's "nine-point proposal" and the 1979 "New Year Message," and he revealed that the United States conveyed its decision and stand on this question to China long ago. Reagan indicated that the differences between the United States and China will be solved under this guideline.

If Reagan's keynote is exactly that, Bush has based his beliefs on a solid foundation. However, it is still necessary to wait for President Reagan to back his words with actions. Let us recall a sentence from RENMIN RIBAO: "Let him who tied the bell on the tiger take it off!"

GUANGDONG OIL DELEGATION PAYS VISIT TO HONG KONG

HK060341 Hong Kong SOUTH CHINA MORNING POST in English 6 May 82 p 1

[By Julie Auyeung]

[Text] A delegation of 11 senior officials and oil engineers from Guangdong Province is currently in Hong Kong to explore possible areas of cooperation between Hong Kong companies and the province. Pinpointed as a major area is the development of its offshore oil **supporting** industry -- the supporting activity vital to the oil/gas exploration off the south China coast, BUSINESS NEWS [SOUTH CHINA MORNING POST] learned from sources in Guangzhou. The delegation will later leave for Singapore to study the country's oil supply base development. Headed by the chairman of the just-formed South China Sea Petroleum Servicing Corp, Mr Yang Guoqing, this is the first study mission to Hong Kong and Singapore since China invited foreign oil companies to tender for concessions in its territorial waters.

Much effort had previously been put in by the Chinese to prepare for offshore oil drilling, highlighted by the drafting of oil exploration regulations act arrangements to bid for the 43 blocks. "The time is ripe for us to develop our support activities which include catering to the drilling crews, helicopter and marine transport, telecommunications and other services," sources said. "One of the objectives of the group's visit is to find out what abilities China-owned Hong Kong companies have to help us set up the offshore support services."

Hong Kong companies the delegates will visit include China Resources, Bank of China, China Merchants Steam Navigation Co Ltd, Yau Luen Shipyard, CCIC Finance Co, Guangdong Enterprises and the newly formed China Offshore Oil Servicing (Hong Kong) Ltd, Jardine Matheson, as well as the energy committee of the American Chamber of Commerce. The five-day visit, however, does not include meetings with the Hong Kong Government and foreign oil companies. The South China Sea Petroleum Servicing Corp (of Guangzhou) was formed on Saturday with its major activities being to develop supply bases in China and to provide supporting services for oil exploration. According to a report by China news service, the company had held discussions with many foreign companies on supply bases and supporting services in Guangdong prior to its official formation. Chaired by Mr Yang, the vice-chairman and general manager is Mr Chen Lichung and the vice-chairman is Mr Zhang Zhiyou. The directors are Mr Wei Zhendong, Mr Chen Jun, Mr Ye Xiuqing and Mr Xian Wu.

Meanwhile, a conference on supply base and related supporting activities will be held on May 27 and 28 in Guangzhou, during which foreign experts on the subject will present papers. The conference is organised by the energy committee of the American Chamber of Commerce and it is expected that about 30 Western and 100 Chinese experts will attend. Foreign companies which will present papers are Mobil, Amoco, National Supplies Co, City Bank, Morgan Guaranty and a Norwegian oil company.

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